

BUSINESS WEEK

YEAR
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Convention chairman James A. Farley: This time not politics but world trade

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Where do jobs come from?

WHY won't someone in authority tell Americans the truth about jobs—that they can *not* be created by laws nor doles nor regulations nor more-money-for-less-work . . . that jobs can be created *only* by the chance for profit, to the workman *and* his employer.

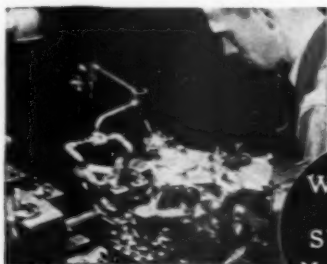
Why should anyone start a business (and so create jobs) unless tax laws and the attitude of workmen give him a good chance for a fair profit?

How long can any company stay in business (and so provide jobs) unless it can make a profit out of which to keep its equipment modern and competitive?

The radicals will answer, "Let private business die out; government will provide the jobs". Are you sure you want it that way? Remember—government jobs under WPA paid an average of less than half as much as in industry. Remember—in the heyday of government control in Europe, the average pay of a worker was about \$12.00 per week, while at the same time in America it was two to three times as much.

Remember the goose that laid the golden eggs. Her owner wasn't satisfied, killed her to get all her wealth at once, but found nothing—and the flow of golden eggs stopped forever.

He and the bird should have worked together.



WARNER
&
SWASEY
Machine Tools
Cleveland

YOU CAN MACHINE IT BETTER, FASTER, FOR LESS WITH WARNER & SWASEY TURRET LATHES AND TAPPING MACHINES

In war or peace
B.F. Goodrich
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Koroseal is a typical example of B. F. Goodrich development

LET youngsters muddy-up the seats of your new car—if seats are made of Koroseal you can wash them clean-as-new in a moment.

Before the war, Koroseal was used principally as a coating on fabrics for articles such as shower curtains because it is permanently waterproof. Now, it is being made into scores of new products that have never been seen before.

Because it is proof against most acids and stains, and can be washed as

easily as glass, Koroseal makes better baby pants, wall coverings, food packages, and scuffproof automobile upholstery, linings and convertible tops.

Koroseal resists sun and air for years, too, so it can be used for awnings, beach chairs and umbrellas, tents and camping equipment of many kinds.

Koroseal can be made soft and pliable or bone-hard, in any color, in any thickness. It does not grow stiff with age, and literally "wears like iron." Traveling bags of Koroseal are prac-

tically scuffproof, handbags can be washed, outdoor upholstery can be left out in the rain, bathing suits stay neat and attractive because Koroseal cannot absorb water.

Some Koroseal articles are already in the stores again, and more will be soon—every one labeled with this name, because only B. F. Goodrich makes Koroseal. *The B. F. Goodrich Company, Akron, Ohio.*

B.F. Goodrich
RUBBER and SYNTHETIC products

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Its electric-motor drives operate quietly, without vibration, and with almost negligible repair requirements. With batteries exchanged two or three times per 24-hour day, the truck is continuously supplied with power. One battery is charged while another operates the truck.

For continuous, 24-hour-a-day material-handling work, therefore, a battery industrial truck is an inherently economical and dependable machine...especially when powered by Edison Alkaline Batteries. With steel cell construction, a solution that is a preservative of steel and a fool-proof electrochemical principle of operation, they are the most durable, longest-lived and most trouble-free of all batteries. Edison Storage Battery Division of Thomas A. Edison, Incorporated, West Orange, N. J. In Canada: International Equipment Company, Limited, Montreal and Toronto.

Edison
ALKALINE BATTERIES

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WASHINGTON BULLETIN

AGENCY ON UNEASY SEAT

WPB's successor, the Civilian Production Administration, is keeping a weather eye on the Labor-Management Conference—and its fingers crossed.

Back in its heyday, through some 700 controls of one kind or another, WPB was able to turn the production tap on and off almost at will. But its controls would have been far less effective had it not been for labor's no-strike pledge which, in general, reduced man-days lost to an irreducible minimum.

Today's situation is at once different and parallel. As against WPB's 700 controls, CPA has about 50, covering things such as lumber, tin, cast-iron soil pipe, lead, and natural rubber. These are today's bottleneck items, the materials and products that must be had at the right places in the right quantities if reconversion isn't to bog down.

But if labor and management don't get together—if strikes tie up key industries such as steel, automobiles, and construction—CPA, like WPB, might just as well forget its controls.

Wants Powers Extended

No one realizes this more than John D. Small, Administrator of CPA and former chief of staff for J. A. Krug (BW-Oct.13'45,p18). That, however, isn't the only thing on his mind right now.

Small would like to see Congress move faster on extension of the Second War Powers Act, which expires on Dec. 31; among other things, it provides the legal basis for the government's priority controls. This is CPA's first week in business, and Small figures he will need at least until Mar. 31 to finish the reconversion job—and some of his associates think June 30 is a more realistic finish-up date.

Latest feeling on Capitol Hill is that the Second War Powers Act will be extended for a year. But action may drag until very close to the deadline, which is already less than two months away.

RATION VIEWS REVERSED

Throughout the war the War Food Administration generally was in favor of easing up on food rationing, OPA in favor of making it as tight as possible. Now positions are reversed. OPA generally believes that supplies of meat and

other foodstuffs (except sugar) have eased to the point where rationing is superfluous—and difficult to enforce.

WFA, with responsibility for foreign procurement and other programs, feels that rationing makes its job easier and would like it to continue awhile.

LANDLORDS ORGANIZE

A nationwide organization of small property owners, with an annual war chest running into millions, is the goal of real estate men in their battle against extension of rent control, ceilings on sales prices for homes (page 21), and government construction of low-rental housing.

The new group, to be known as the National Small Property Owners Assn., is an outgrowth of the National Real Estate Foundation. The latter was incorporated last July for research and education on the subject of private ownership of property. It has set up a budget of \$329,000 for the next ten months.

To win friends and influence legislation, the foundation early turned its eyes toward the estimated 8,000,000 urban small landlords. Three-year goal is 5,000,000 members in 700 cities paying annual dues of \$1 each. The foundation's researchers will gather pertinent facts and figures, distribute them to association members, and act as official spokesman for the small property owners on national issues.

Prime movers in the drive to organize the small property owners include Herbert U. Nelson, an executive of the National Assn. of Real Estate Boards; Arthur W. Binns, Philadelphia builder; and N. C. Hines, secretary of the foundation and ex-secretary of the National Assn. of Home Builders.

U. S. RESEARCH FOR ALL?

Presidential backing for a single federal research administrator was put behind this feature of the Kilgore bill during the fifth and final week of hearings on legislation to establish a national science foundation. Up to then, the record had been heavily weighted by the testimony of leading scientists in favor of the Magnuson bill's alternative, control by a board of scientists (BW-Oct.20'45,p7). The Kilgore bill provides for such a board, but it would be purely advisory.

The Administration's views were com-

municated in a letter by Reconversion Director John W. Snyder, addressed jointly to Senators Kilgore and Magnuson.

On patents, the other main controversial issue in the legislation, Snyder's letter indicated that President Truman has modified his previous position in support of the Kilgore provision that all discoveries made with federal aid should be patented and licensed by the government. Now the President thinks that it would be sufficient to state, as a general objective, that the fruits of federally financed research should become the property of the United States and be made freely available to all. This could be done without patenting, merely by publication.

ANTITRUST IMMUNITIES END

As one of his last official acts as chairman of WPB, J. A. Krug announced that all but twelve of the 215 certificates of antitrust law immunity issued to private firms during the war have been revoked. These certificates provided for clearance with the Justice Dept. of specific joint action plans deemed necessary to the war effort (BW-Oct.21'44,p17).

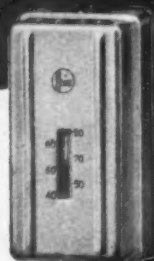
The twelve certificates still outstanding include two issued at the request of the Foreign Economic Administration to aid in procurement of Philippine hemp and copra, nine issued at the request of the Rubber Reserve Co., and one at the request of the rubber director to boost synthetic rubber production.

MOVE TO TAX UNIONS

Very quietly and with a maximum of secrecy, the House Ways & Means Committee is laying groundwork for legislation designed to impose federal income taxes on so-called nonprofit enterprises which have heretofore been exempt. The committee's own experts and those of the Treasury Dept. are seeking to estimate revenues which might be expected to result.

Since Congress has failed to put labor unions under other types of control or regulation, some members of the committee hope that public resentment over present labor troubles can be used either to force unions to incorporate and pay taxes, or to disclose financial details through direct taxation.

Strong pressure also is being exerted



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PENN

AUTOMATIC CONTROLS

FOR HEATING, REFRIGERATION, AIR CONDITIONING, ENGINES, PUMPS AND AIR COMPRESSORS

competing business interests to end exemption from taxation that is enjoyed by consumer, farm, and other operatives.

Biggest drawback to the move is the understandable reluctance of Congress tax religious, educational, and charitable organizations, third major class the nonprofit group. The problem appears to be to find some method to exempt the third group but catch the other two.

NOT DELIVERABLE

The Political Action Committee of C.I.O. proved once again in Detroit Tuesday that the labor vote cannot be delivered—but must be won. Richard T. Frankenstein, vice-president of the United Auto Workers Union, lost a well-financed, excellently organized campaign for the nonpartisan mayoralty to a none-too-popular incumbent, Edward J. Jeffries, who polled 55.8% of

the total vote cast to win his fourth consecutive term.

Frankenstein lost out in the foreign language and workmen's districts, where a heavy vote had been predicted for him. The Negro precincts alone gave him the expected top-heavy pluralities.

Only one of the three P.A.C.-backed council candidates won a place. George Edwards, an administrator in the United Auto Workers Union, led the

Labor Feuds at Conference Give Management a Trump

By the end of its first week of business, the President's Labor-Management Conference had done nothing to mitigate the heavy pall of skepticism that surrounded it, but the industry representatives were feeling considerably more cheerful about the net result on public opinion.

• **Without Illusions**—None of the galaxy of top-drawer talent, drawn from union and employer ranks to find a solution of industrial disputes at the request of President Truman, had any illusions about what could be accomplished.

The most any conferee expected—when he really expressed his private convictions—was agreements on broad principles and the creation of voluntary mediation and arbitration machinery which would have a limited usefulness when the parties to a specific dispute were of a mind to make use of it. And after a week of discussion, this modest objective seemed possible of attainment.

• **A Fear Dissipated**—But business had gone to the conference with the fear that the union delegates would gang up on it and, by adroit maneuvering, put on management the onus of the conference's failure to work a miracle. It took only one day's session to dissipate that fear.

On the conference's second day—after President Truman, the secretaries of Labor and Commerce, and the presidents of the C.I.O., the A.F.L., U.S. Chamber of Commerce, and National Assn. of Manufacturers had read their prepared addresses—it became apparent to the shrewd observer that instead of getting together to gang up on management, the labor representatives were much more intent upon the settling of

some old scores among themselves.

• **Wry Satisfaction**—More than one management delegate found some wry satisfaction in the fact that the rift in the labor movement, which had exposed industry to jurisdictional strikes and more trouble than any one of them liked to recall, was at last paying a backhanded dividend in the form of a public revelation of conditions in labor's own house.

No management man said a word as the A.F.L. and railroad brotherhood representatives, with the aid if not the abetment of John L. Lewis, the dominant personality at the conference, tore into and boxed the C.I.O. on every proposal it ventured to make—including the crucial one of bringing the wage question into conference discussions.

The very bitterness of the exchanges on that second day was enough to show that labor peace was

impossible even though management completely abdicated its position on matters before the conference.

• **Six Committees**—The management men were therefore in a much easier frame of mind as they took up their assignments on the six joint working committees which will hold closed sessions for perhaps another week or until they agree—or agree to disagree—on the problems before them. These committees are focused on (1) collective bargaining, (2) management's right to manage, (3) representation and jurisdictional questions, (4) conciliation services, (5) initial collective agreements, and (6) existing collective agreements.

The result of their deliberations will be publicly presented to the whole conference before its adjournment, expected in another two weeks.



At the labor-management parley, industry sat at the President's left.

How to get more heat from coal



Iron Fireman's advanced engineering makes coal firing more efficient

Iron Fireman stokers develop heat from coal with maximum efficiency and regulate themselves through sensitive precision instruments. Heat is not wastefully released—it is produced *as needed*. This means that automatic controls, responding instantly to varying needs for heat or steam, regulate the *rate of combustion* while holding the *efficiency of combustion* within very close tolerances.

Many thousands of Iron Fireman users are able to show records of outstanding fuel savings because Iron Fireman makes coal yield usable heat rather than smoke, soot and unconsumed gases. For example, Mr. Marshall C. Stone, Vice President of Pacolet Mfg. Co., (textile mills), New Holland, Georgia, says: "Our Iron Fireman reduced steam costs 32% and saved us \$14,784 a year."



Marshall C. Stone

The Iron Fireman engineering, sales and service organization, which covers the nation, is at your service. Write to Iron Fireman Manufacturing Co., 3736 West 106th St., Cleveland 11, Ohio. Other plants in Portland, Oregon; Toronto, Canada.



IRON FIREMAN

Automatic Coal Stokers

INDUSTRIAL - COMMERCIAL - RESIDENTIAL

nine successful candidates, and in consequence will be council president and almost certainly the next labor-backed candidate for mayor.

EBERSTADT TO NAVY?

Washington is talking of a return engagement for Ferdinand Eberstadt, New York investment banker who capped a wartime career in the capital as vice-chairman of WPB and who was author of WPB's celebrated Controlled Materials Plan.

His authorship of a Navy plan to get unification of service efforts under a "national security council," without actually merging the War and Navy departments, has been followed by reports that he will succeed the man who sponsored the plan before Congress, Navy Secretary James Forrestal. Forrestal is generally believed to be anxious to get out, now that his war job is triumphantly finished.

Eberstadt, remembered in Washington as a man who got along famously with both services, says only that it's news to him and that he could think of no better secretary than the man who now holds the job.

CAPITAL GAINS (AND LOSSES)

As predicted (BW—Nov. 3 '45, p. 19), the U. S. District Court in Philadelphia has asked Pullman, Inc., to say which one of the four offers for the company's sleeping car business it wants to accept—subject to the government's views on the eligibility of the offer under the divorce ruling.

The Budget Bureau is planning to enter the field of economic journalism with a confidential monthly report. First issue is slated for January, will be restricted to top government officials.

Civilian Production Administration (ex-WPB) hopes it won't have to use them but—"just in case"—it recently set up a special directory of former WPB executives, complete with addresses and telephone numbers.

—Business Week's
Washington Bureau

THE COVER

When the National Foreign Trade Council convenes Nov. 12 in New York's Waldorf-Astoria (page 114), convention chairman will be James A. Farley. Celebrated as a president maker during his chairmanship of the Democratic Party, he is turning that talent for organization to the development of foreign trade. He is chairman of the board of the Coca-Cola Export Sales Co.



Get the point!

You'll feel the difference! The point is smooth...and strong because the lead is bonded to the wood, (Pressure-Proofed). Venus VELVETS are office morale builders. Try them...you'll specify them!



Venus VELVETS
are better pencils
... but only 5¢.



VENUS VELVET PENCILS

AMERICAN LEAD PENCIL COMPANY, HOBOKEN, NEW JERSEY

THE OUTLOOK

BUSINESS WEEK

NOVEMBER 10, 1945



Business has turned the corner. The sharp drop that followed final victory not only has come to a halt but the upswing has started.

Reconversion now is moving faster than the last remnants of war production are dwindling. Basic metalworking lines—autos, machinery, and the rest—have been joined in their rise by construction.

A gain in Business Week's Index of business activity of about eight points from the low will be completed by next week.

That's a pretty smart upturn to come in a three-week period.

But there's a joker in it. Reconversion will account for only a small part of the rise. Mostly it will reflect the end of the recent coal strike.

The fact is that there were two business "bottoms" late in October: (1) The postwar tumble in business activity came to a halt, but (2) simultaneously, the coal strike dragged the Index several points below the spot at which it would naturally have leveled off.

The first marked the beginning of a new trend. The second simply gouged a sharp notch in the business curve; in fact, it makes this stage of the revival look very brisk which is not really characteristic at all.

The last six weeks of 1945—barring large strikes—should see a pretty consistent but slow rise—perhaps ten more points by the year end.

Volume of business means somewhat less, in times like these, than does the fact that the curve points up or down.

Business Week's Index caught the "up" but apparently somewhat over-emphasized the decline in volume that preceded the turn. That happened because you can't simply average the standard indicators these days and come out with an ironclad measure of business volume.

Employment doesn't give all the answers. Many workers are cleaning up after war work, not producing for peace. Others are busy tooling. Still others are on production lines that jerk along inefficiently.

And even production is deceptive. Not all the war influences have been washed out even yet.

Just as the statisticians had to remake indexes to reflect conversion to war output, they will reconstruct them for reconversion to peace. This can't be done all at once because war factors don't end all at once.

There are preliminary revisions to be made. The final ones must wait for weeks or perhaps months. Business Week is making the preliminary corrections in its index now (chart, page 13).

The net effect is to add about eight points.

Every available bit of information points up the fact that industry has got over the roughest part of reconversion surprisingly well.

Employment has held up amazingly. As a result, workers haven't felt obliged to tighten their purse strings.

There has been no jolt to prices that would cause businessmen to pull back and wait out the market. Quite the reverse.

But this must be remembered:

The mere fact that business activity stabilized at such a high level before starting the present climb probably means that the climb will be less rapid than if it had started from some lower point. But that isn't much

THE OUTLOOK (Continued)

BUSINESS WEEK
NOVEMBER 10, 1945

to worry about; the decline conceivably could have carried far enough so that the climb never would have started at all.

The important thing is that it got started—and soon.

The number of jobs shows how successfully business is bridging the gap from war to peace.

Unemployment rose by only 820,000 in the month after Japan's defeat and was actually reduced by 130,000 in the second month, according to the latest Bureau of the Census estimates. The total is 1,520,000.

Net factory employment fell 1,500,000 in the two months after final victory, but half a million found jobs in labor-short nonmanufacturing lines.

And remember that the employment figures don't tell how many veterans have been released and placed. This total apparently has been offset by people retiring from the labor market.

Most indicators of production and distribution are moving along very satisfactorily in spite of labor troubles.

Coal output has rebounded to more than 12,000,000 tons weekly from the strike low of 5,850,000.

Steel production shows signs of pushing up to where it was before shortage of coal closed down much capacity (chart, page 26).

Carloadings rebounded 10% in the first week after the end of the coal strike. More important, miscellaneous and less-than-carload-lot freight (which provides a clew to shipments of manufactured goods) has been showing a fairly rapid advance, if allowance is made for seasonal factors.

Construction contracts placed have been rising in a modest but consistent way that bears a good deal of promise for 1946.

The main trouble is that shortages of materials, notably lumber, make it impossible to get much residential building under way before the second quarter of next year. Nor is the pricing wrangle (page 21) helping any.

Nevertheless, contracts for private construction (including factory and commercial) are growing rapidly enough to more than make up for declines in public lettings which now are down almost to vanishing.

Farm income will be high right through next year even though somewhat lower prices may pull it down 10% to 15% from the record being set in 1945.

Relief for liberated areas will take care of any surpluses, at least until Europe harvests next autumn's crops.

Holiday retail sales promise to hang up a new record this year. For weeks, spending in department stores has been about 10% above 1944.

Goods won't be as plentiful as had been hoped, partly due to labor upsets. Typically, supplies of nylons, most woollens, radios, electrical appliances all are a little disappointing for one reason or another. And most of the 1945 gain may be in dollar volume rather than units of merchandise. But dealers ended the war with inventories higher than a year earlier and have scrambled for more rather than selling what they had.

FIGURES OF THE WEEK

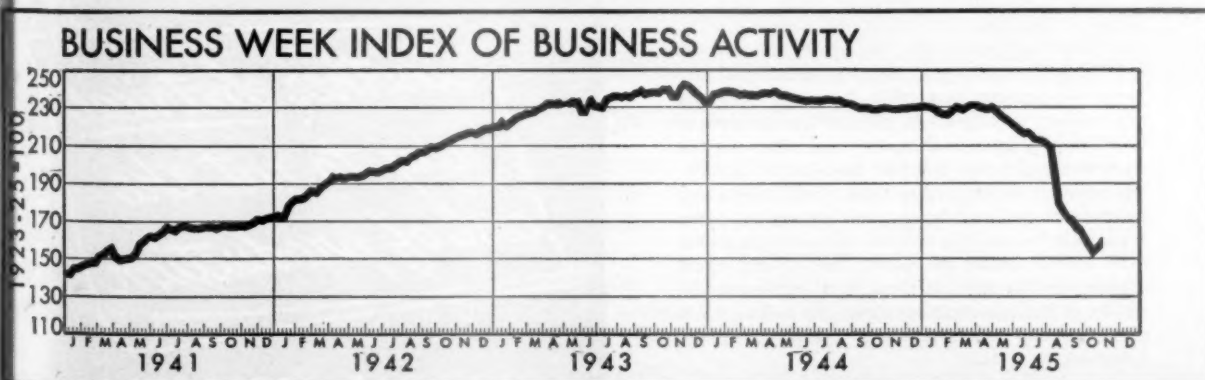
	Latest Week	Preceding Week	Month Ago	6 Months Ago	Year Ago
THE INDEX (see chart below)	*161.2	*158.4	*162.6	230.2	230.5
PRODUCTION					
Steel Ingot Operations (% of capacity).....	77.0	72.9	73.5	95.1	96.3
Production of Automobiles and Trucks.....	27,320	20,675	9,500	20,470	21,595
Engineering Const. Awards (Eng. News-Rec. 4-week daily av. in thousands)....	\$11,527	\$10,521	\$10,498	\$5,826	\$3,827
Electric Power Output (million kilowatt-hours).....	3,899	3,937	4,028	4,397	4,355
Crude Oil (daily average, 1,000 bbls.).....	4,318	4,273	3,621	4,829	4,720
Bituminous Coal (daily average, 1,000 tons).....	2,022	1,975	1,815	2,040	2,035
TRADE					
Miscellaneous and L.C.L. Carloadings (daily average, 1,000 cars).....	81	81	79	88	88
All Other Carloadings (daily average, 1,000 cars).....	62	48	60	62	64
Money in Circulation (Wednesday series, millions).....	\$28,026	\$27,974	\$27,853	\$26,204	\$24,409
Department Store Sales (change from same week of preceding year).....	+12%	+14%	+7%	+10%	+11%
Business Failures (Dun & Bradstreet, number).....	17	17	13	23	11
PRICES (Average for the week)					
Spot Commodity Index (Moody's, Dec. 31, 1931=100).....	263.0	262.1	260.8	256.9	247.3
Industrial Raw Materials (U. S. Bureau of Labor Statistics, Aug., 1939=100)...	169.3	169.2	169.0	166.5	163.1
Domestic Farm Products (U. S. Bureau of Labor Statistics, Aug., 1939=100)...	231.4	231.1	229.0	227.9	222.6
Finished Steel Composite (Steel, ton).....	\$58.27	\$58.27	\$58.27	\$57.55	\$56.73
Scrap Steel Composite (Iron Age, ton).....	\$19.17	\$19.17	\$19.17	\$19.17	\$15.92
Copper (electrolytic, Connecticut Valley, lb.).....	12.000¢	12.000¢	12.000¢	12.000¢	12.000¢
Wheat (Kansas City, bu.).....	\$1.69	\$1.68	\$1.68	\$1.67	\$1.60
Sugar (raw, delivered New York, lb.).....	3.75¢	3.75¢	3.75¢	3.75¢	3.75¢
Cotton (middling, ten designated markets, lb.).....	23.62¢	23.47¢	22.99¢	22.51¢	21.30¢
Wool Tops (New York, lb.).....	\$1.330	\$1.330	\$1.330	\$1.340	\$1.340
Rubber (ribbed smoked sheets, New York, lb.).....	22.50¢	22.50¢	22.50¢	22.50¢	22.50¢
FINANCE					
90 Stocks, Price Index (Standard & Poor's Corp.).....	134.5	130.5	130.7	118.4	102.6
Medium Grade Corporate Bond Yield (30 Baa issues, Moody's).....	3.16%	3.18%	3.21%	3.33%	3.55%
High Grade Corporate Bond Yield (30 Aaa issues, Moody's).....	2.62%	2.61%	2.61%	2.61%	2.73%
Call Loans Renewal Rate, N. Y. Stock Exchange (daily average).....	1.00%	1.00%	1.00%	1.00%	1.00%
Prime Commercial Paper, 4-to-6 months, N. Y. City (prevailing rate).....	3%	3%	3%	3%	3%
BANKING (Millions of dollars)					
Demand Deposits Adjusted, reporting member banks.....	39,592	39,929	38,690	39,147	37,587
Total Loans and Investments, reporting member banks.....	60,945	61,007	61,030	57,176	53,914
Commercial and Agricultural Loans, reporting member banks.....	6,328	6,266	6,218	5,904	6,247
Securities Loans, reporting member banks.....	3,483	3,372	3,744	2,882	2,657
U. S. Gov't and Gov't Guaranteed Obligations Held, reporting member banks..	45,142	45,458	45,143	42,844	39,656
Other Securities Held, reporting member banks.....	3,293	3,270	3,301	3,016	2,887
Excess Reserves, all member banks (Wednesday series).....	960	1,020	950	927	894
Total Federal Reserve Credit Outstanding (Wednesday series).....	23,987	23,790	23,821	21,406	18,265

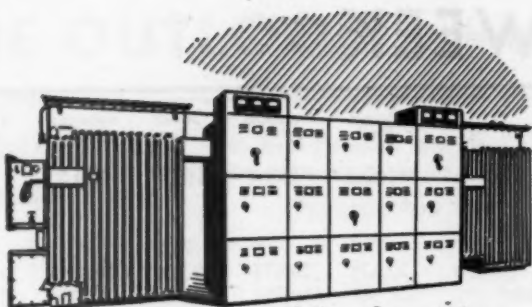
* Index revised (page 9).

† Revised.

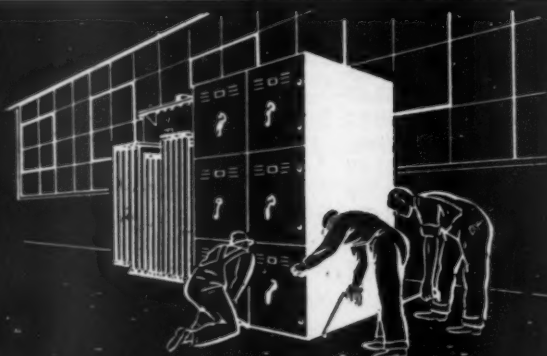
‡ Ceiling fixed by government.

§ Date for "Latest Week" on each series on request.





PRODUCTION BEGAN WEEKS SOONER at a 450-acre engine plant, because use of unit substations halved the amount of cable needed (which was hard to get) and greatly cut installation time.

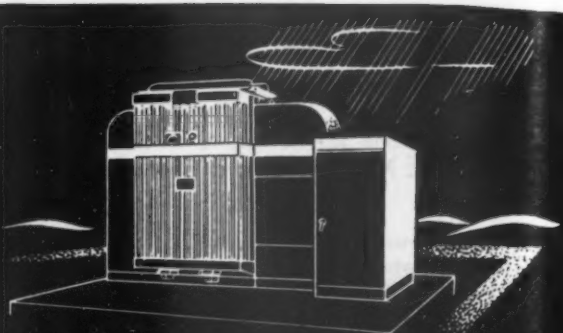


POWER CAPACITY WAS DOUBLED at less than the cost of revamping the old-style substation — when a lumber mill installed this 300-kva "packaged" unit substation.

Keep your plant well powered Keep power in its place with . . .

These compact, factory-built units, used by power companies and industrial plants to step down high-voltage power, protect circuits against interruption, equipment against damage, and personnel against operating hazards. They are the modern successors to outdoor assemblies of transformers, open switchgear, and other electric devices bought and installed piecemeal. Combining nonflammable or dry-type transformers and safety-enclosed switchgear, unit substations make it possible to run high-voltage power right to the load centers *within* the plant, thus saving cable copper, cutting voltage drop, and increasing the ability of the plant power supply to meet growth and changing needs. General Electric Company, Schenectady 5, N. Y.

Buy all the BONDS you can—and keep all you buy

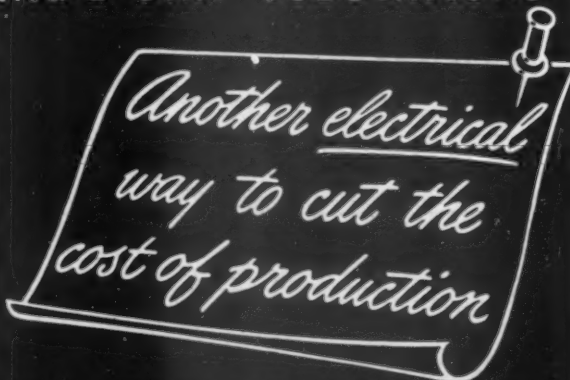


\$3704 WAS SAVED, and the over-all appearance of the project was improved, when a "packaged" G-E unit substation was installed instead of a conventional assembly of devices bought and installed "piecemeal".



STORM TIE-UP AVERTED! War production in a vital area was resumed in less than two hours, when the utility rushed its mobile G-E unit substation to by-pass a regular substation wrecked by high winds.

...G-E UNIT SUBSTATIONS



GENERAL ELECTRIC

Auto Prices—Key to Wage Issue

Insignificant increases over 1942 levels bolster contention of builders that margins are insufficient to cover C.I.O. demand. Companies deny that volume will compensate for reduced profit

OPA was ready at last this week to make its most strenuous and dramatic effort at holding the line. That effort involved the final setting of dollar-and-cents prices on the new automobiles. Those prices could show no significant increases over 1942 levels; this was assured by the original formula which OPA established (BW—Sep.1'45,p15) and on which each manufacturer computed his own ceilings and submitted them for approval to the price agency.

The car makers now know with a final certainty the margin that they have to work with in negotiating wage raises. And it isn't much. In fact, the automobile community can proclaim anew that the per car margin doesn't begin to cover actual increases of cost already sustained since the war began.

But their determination to withstand labor's 30% pay raise demand has been buffeted by a one-two punch thrown by Washington. The first blow was President Truman's speech calling for higher wages (BW—Nov.3'45,p15). The second, more devastating, was the later release of the Dept. of Commerce report on which Truman's speech was said to have been based in part, maintaining that the auto industry could raise wages 15% now and 10% more in 1947 without raising prices.

• **In the Corner**—Immediately after the President's speech, the sole reaction of the auto companies was that it put them in a difficult, but not insolvable, tactical position. They were being asked to grant wage raises they had already said they could not afford to make, and were promised only that their cases would be reviewed six months hence if the profit experience of the interim period proves to be unsatisfactory.

Under the standards set by Truman in defining the three types of wage increases which justified immediate price rises, the auto industry could add to its prices little or none of any wage boost it might grant. The increase in straight-time hourly wages in the auto industry since January, 1941, just about equals the 30% increase in the cost of living.

Since auto companies pay uniformly the same wages, none can seek a sig-

nificant price increase to correct "inequities." And it would be difficult to prove that auto wages were so low that it was hard to recruit labor, and that reconversion was thereby retarded. Hence, if the companies are forced to boost wages, they will have no alternative but to wait the six months and apply for a price adjustment to compensate for increased costs.

• **Companies' Stand**—For the auto companies, this prospect was far too uncertain to be satisfactory. Hence, they appeared to be holding firm, even in the face of intensified demands of the C.I.O. United Auto Workers in negotiations in the General Motors case,

intended to set an industry-wide pattern of increase.

Then appeared the Dept. of Commerce report, which some believe was based on original cost survey of the auto industry made by OPA. It was generally conceded that the position of the industry in the public eye was impaired, and that the rebuttal might not be so easily understood.

And the industry can make a good rebuttal. It points out that the Commerce Dept. report is predicated on continued improvement of worker efficiency and on maintenance of materials costs without increase in 1946, and with only a 3% increase in 1947.

• **Material Costs Rise**—Worker efficiency itself is claimed by the Auto Manufacturers Assn. to have declined somewhere between 25% and 50%. The figures of the Dept. of Commerce apparently are based on increasing quantities of tooling, making possible more production, within plants. A.M.A. also challenged Commerce Dept. state-



CONVERSATION WITHOUT INTERFERENCE

Parabolic reflectors atop a Manhattan building represent another forward step in relaying radio waves without wires. The new system, developed by Bell Telephone Laboratories for military use, employs the pulse position modulation principle (BW—Oct.13'45,p44) used in radar, utilizes parabolic reflectors as targets to receive ultrahigh frequency microwaves, similar ones to relay them to the next station. In last week's demonstration Bell showed how six telephone conversations, a facsimile transmission, and 18 teletype messages could be sent simultaneously over the system's eight channels. Advantages, according to Bell, include stable and high quality telephone circuits virtually free from static and man-made electrical interference.



PIPELINE TO MOSCOW: A \$20-MILLION PROJECT

While Russian workers (above) combine primitive hand ditch-digging with modern electric welding to lay the Soviet's longest gas pipeline from Saratov to Moscow, U. S. companies are supplying the know-how and equipment for four key processing plants to keep the gas flowing freely even in the icy Russian winter. Denver's Stearns-Roger Mfg. Co. and General Iron Works are among companies providing specifications and machinery vital to the \$20-million project. When completed, the 450-mile pipeline from Saratov's rich natural gas fields on the Volga will furnish fuel for Moscow's homes and industrial expansion—at the rate of an estimated 60 million cu. ft. of gas every 24 hours.

ments that higher production means higher profits, and that sales and profits of all auto companies would be affected alike by arbitrary changes in wages and costs, as assumed in the report.

But costs of materials, according to the auto firms, are bound to go higher now and later, particularly if the industry raises wages. No one doubts that a 15% wage raise in G.M. or some other company pacesetter would be duplicated throughout the industry, including the parts makers. Costs in supplier plants will rise and the auto manufacturers will have grounds for seeking higher prices later on.

Even before that cycle is well started, already-expanded prices for forgings and castings, for example, may go higher, because those industries are still shy of manpower at today's wage scales and can raise the scales—and their product prices—under the Truman formula.

• **Justifying a Price Rise**—It is these pyramiding increases in raw materials which the industry says will ultimately justify the big jump in retail auto prices. The effect of a 15% wage boost in the car makers' own production costs is admittedly negligible; since the labor cost in auto plants accounts for only 16%

or about one-sixth of the retail price (BW—Oct. 27 '45, p. 106), the 15% boost could be used to justify less than a 3% rise (one-sixth of 15%) in prices. But advances in parts and materials costs are certain to follow all down the line of suppliers if G.M. touches off the 15% fuse. Volume of car production would provide the only offset.

George T. Christopher, president of Packard Motor Car Co., has figured that the intrinsic value of the materials in a car is but \$24, representing market prices on raw goods in mine or field. All else of a car's cost represents the value added in processing—from the original steel-making right down to final assembly. On that basis he figures a general wage raise must finally be reflected in almost an identical increase in over-all costs.

• **Middleman Cushion**—The increase in selling price won't come all at once of course. The car companies, having filed cost schedules with OPA, and later having announced delivered prices, are extremely unlikely to tamper with them during the life of the model year; confusion and competitive factors make readjustment impractical except for piddling amounts. The real hike could be expected on 1947 models.

Some of the sting—for the car makers over less profit and for the public over car costs—will be eased by the dealer middlemen. Their margins, over their vehement protests, are being notably reduced as a part of the OPA principle of cost absorption.

• **Loud Protests**—Dealers are squalling loudly, and their usual effective political pressuring might conceivably change their situation. But for the time being they are nailed down to OPA's concept of profitmaking.

This concept considers only net profits per car. It starts with the fact that before the war dealer discounts ranged from 23% or so to about 27%. It goes on with the fact, drawn from dealer reports, that about half the retail margin was washed out by overallowances on trade-ins.

It goes from there to maintain that if dealers made only 12% or 13% or so before the war on each new car, after all the related used car merchandising was completed, the 12%-13% level is the logical profit basis to work from, not 23% to 27%, because there will be no used car problem of consequence in the immediate postwar years.

• **More Vulnerable**—If dealers are forced to absorb around a 10% reduction in gross profit resulting from fixing their margins at around 13% instead of 23%, that increment will go a long way toward clearing up what car makers maintain are doleful prospects.

However, once that leeway is afforded the auto makers, they become more vulnerable than before to the demands of labor for a wage boost. So far as Detroit is thinking today, it's a vicious circle, and the farther it is run the more tortuous it becomes.

Tough as Henry Wallace's Commerce Dept. report may have been, so far as it put the whole industry publicly on the spot, it actually did little more than make manifest a basis of compromise which many have felt was in the cards from the beginning. As a matter of fact, there is good reason to believe that the report was an inspired job resulting from careful sounding of both company and union sentiment by the Secretary of Commerce.

• **Independents Kick**—To the extent that the report does hold some promise of peace for the larger companies, all but the small companies are willing to admit that it may yet be chalked up on the credit side of the ledger. But as far as the independents are concerned, it's all bad news. They are beginning to proclaim that any formula which narrows the profit margins of the big companies would, if applied uniformly to marginal producers, thrust them into the red, perhaps into ultimate oblivion.

Atom Control: Another Try

While House committee offers a rewritten May-Johnson bill, Senate group promises full hearings which will enable scientists to publicize their view that nationalistic program won't suffice.

The House this week received from its Military Affairs Committee the revised, rewritten May-Johnson bill for creation of an atomic energy commission to control "all activities connected with research on the transmutation of atomic species, the production of nuclear energy, and the release of atomic energy."

Of Immediate Import—Overshadowing House action—and reaction—on this controversial measure, however, are two events which probably will have far greater bearing on U. S. atom bomb policy than anything the House does now:

(1) The impending Washington conference of President Truman, Prime Minister Attlee of Great Britain, and Prime Minister Mackenzie King of Canada on "the problems to which the discovery of atomic energy have given rise."

(2) The forthcoming Senate committee hearings on the May-Johnson bill. Sen. Brien McMahon, chairman of the special committee created to study the development, use, and control of atomic energy, has promised full hearings on the subject—something the House committee is accused of failing to permit. Hence, the Army seems doomed to disappointment in its desire for fast action on the bomb bill.

Somewhat Encouraged—Scientists who have lived and breathed nuclear fission for the past five years, who have been and still are held largely voiceless by Army censorship, therefore are somewhat encouraged. For they are convinced that the American public has not yet had a chance to grasp the terrible portent of this new science of nuclear physics.

They particularly decry newspaper stories which have bred a widespread belief that the United States holds some fundamental secret about atom-smashing which Russia, Germany, and Japan do not possess and cannot attain. Actually physicists the world around were familiar with all the basic principles of atomic fission before the war. Our sole advantage (possibly shared with Britain and Canada) is the industrial know-how, but even this, it is argued, could be achieved by another nation within three to five years of intensified effort. Moreover, we have no monopoly on raw materials.

As Regards Security—Finally, the scientists dispute the Army policy of keeping everything we know to ourselves by

arguing that an attempt simply to retain leadership in atomic bomb development would give us no security. They contend that an enemy, striking first with this new "terminal" weapon against our great industrial centers, could—even if its A-bombs be inferior to ours—render incalculable damage and perhaps achieve victory in a matter of hours before we could retaliate.

To the question, "Isn't there a defense against the A-bomb?" they give an unequivocal "No." A few three-pound bombs secreted about a city and detonated by remote control could devastate New York—or Oak Ridge, Tenn. Carried by planes or super rockets, some of the bombs would be sure to get through defenses, which can never be 100% effective, and the results would be catastrophic.

International Control—Thus, the men who know most about the A-bomb see international control as the only solution of the bomb problem and the only method by which atomic fission can be freed for industrial purposes. They admit the need for some kind of federal regulation as a preliminary to international control, but they insist that

it be geared to this objective, not to a nationalistic policy which threatens to start a bomb-building race on the part of all nations and end in an ultimate holocaust of unprecedented proportions.

When the May-Johnson bill was introduced last month to implement the program laid out by President Truman (BW—Oct. 6'45, p. 5), the men who had worked at Oak Ridge, Los Alamos, and Chicago (sites of the most extensive and intensive A-bomb research) bestirred themselves. But they got short shrift from the House Military Affairs Committee, which held only a perfunctory five-hour hearing on the measure and took testimony from only four men: Secretary of War Robert P. Patterson; Maj. Gen. Leslie R. Groves, who headed the entire A-bomb project; Dr. Vannevar Bush, director of the Office of Scientific Research & Development; and President James B. Conant of Harvard University.

Unprecedented Authority—All gravely acknowledged that the proposed nine-man commission would have authority unprecedented in the life of this country, including the first overt peacetime censorship. Yet all declared the problem so portentous that nothing less would suffice.

But the overwhelming majority of the A-bomb scientists disagreed with that solution. They forced a reopening of the hearing (BW—Oct. 20'45, p. 7). Their success was short-lived, however. Instead of the thorough congressional inquiry they sought, only a handful



Hearings on the May-Johnson bill before the special Senate committee on atomic energy will bear vitally on U. S. atomic bomb policy. Serving on the committee are (left to right): front row—Edwin C. Johnson, Millard E. Tydings, chairman Brien McMahon, Arthur H. Vandenberg; rear row—Thomas C. Hart, Eugene D. Millikin, Warren R. Austin, Bourke B. Hickenlooper. Members not pictured are Tom Connally, Richard B. Russell, Harry F. Byrd.

were given the opportunity to present their views.

But this handful all told the same story, presented the full argument of the scientists. There was one notable exception. Dr. J. R. Oppenheimer, the man who put the bomb together at Los Alamos, gave the bill a half-hearted indorsement.

• **"No Secret"**—His fellow physicists found more satisfaction in his earlier statement at a Senate committee hearing on the proposed National Research Foundation (BW—Aug. 25 '45, p63): "The 'secret' [of the atom bomb] is no secret to scientists of other nations, and production by other nations is only a matter of time . . . not more than a few years for some."

Then, to the question whether it was true that a single night's A-bomb raid on the nation's 20 metropolitan areas might wipe out the 40 million people living in those areas came his casual, chilling answer:

"I am afraid it is."

• **House Revision**—Out of the House committee now has come a modified but still controversial measure—how controversial is indicated by the 17-to-10 vote by which it was approved.

Consensus is that the revised measure still will not satisfy the atom scientists of Oak Ridge, Chicago, and Los Alamos, nor the others who have come to their support: the 500 men at the Massachusetts Institute of Technology's radiation laboratory (principal radar development center); the 600 industrial scientists and educators in the Philadelphia area; another group of 60 which included Albert Einstein; as well as several additional informal but highly vocal groups of protestants.

• **Nine for Nine Years**—The House committee bill would create a nine-man commission, appointed for nine-year terms by the President with the advice and consent of the Senate. Once appointed, commissioners would be immune from removal from office, except for such obvious causes as inability to act, neglect of duty, malfeasance, and the like.

The commission would name a full-time, \$15,000-a-year administrator, who could be either a civilian or an armed forces officer. In response to criticisms leveled against the original bill, the committee curbed the administrator's powers, most of which now are derived from the commission.

• **Commission's Powers**—All government property, plants, minerals, and technical information relating to atomic energy are placed under commission control; similar privately held property or data must be declared to the commission, which has the power to acquire them. It also is empowered to conduct,

or license others to conduct, research in atomic fission.

Only with commission consent may anyone process "any appreciable quantity" of fissionable material (the "appreciable quantity" phrase is designed to permit unhampered laboratory research) or conduct research "involving release of actual amounts of atomic energy which constitute a national hazard, or are of military or industrial value."

• **Censorship "as Required"**—Censorship over matters within the commission's prerogatives is permitted "in so far as required by the national defense or by considerations of military security."

Such are the terms of government policy outlined by the House committee. The Senate, however, intends no perfunctory action on the subject of atomic energy. Under a measure sponsored by Sen. McMahon, who has characterized the bomb as the most momentous development since the birth of Christ, an eleven-man committee promises to explore all the aspects of the problem.

Atomic Turbines

Generation of electric power in atom-fueled plants feasible, scientists tell Congress, but equipment cost may be barrier.

Now that the atom has been smashed, evidence is piling up that generation of electric power from atomic energy may not even be so far off as the possibility of developing an atomic bomb was at the start of the war—and realization of the fact is causing increasing concern among utility men.

• **Biggest Obstacle**—At least two of the leading scientists who helped introduce the atomic age have stated publicly that, from a scientific and engineering standpoint, atomic electric power plants already are practical. Furthermore, even today producing electricity by using uranium as fuel would be cheaper than generating power with coal or oil. The bar-



AND FOR VACATION PLEASURES TOO

With the majestic Great Smoky Mountains as a backdrop, the Tennessee Valley Authority's 480-ft.-high Fontana Dam and its sprawling scenic lake are being readied for the tourists, who TVA expects will number 1,000,000 yearly. The big project almost adjoins Great Smoky Mountains National Park, which in the last year before the war drew upwards of 1,300,000 visitors. TVA offered to add 40,000 acres to the park to bring its boundaries to the dam's lake, but the owner of a comparatively small tract ruined the plan when he balked at selling. Nearby Fontana Village, built for construction workers, provides a ready-made resort town for 5,000 persons—if someone takes up TVA's offer to lease the village as a tourist haven (BW—May 12 '45, p22).

er that remains—and admittedly it is big one—is capital outlay for the steam generating plant. Nobody, so far, has even guessed at a figure except to say that it would be very high—for the first plant, anyway.

The most significant statement on the possibilities of harnessing atomic energy to the useful job of generating power comes from Dr. Karl H. Compton, the 1927 Nobel prize winner for atomic research and now chancellor of Washington University. If the government really wanted to do the job, Compton said, a reasonably efficient plant using superheated steam from atomic fission for driving a turbine could be operating within a year of starting work on the project (BW—Aug. 11 '45, p15). Existing utility equipment from the heat exchanger, through the turbine, generator, substation, and transmission lines, to the home wall switch would be utilized, requiring construction only of the generating plant.

Comparative Efficiencies—Operating economics of such a plant are enough to make a utility executive catch his breath. With uranium at the prewar price of \$3 per lb., and coal at its prewar price of \$3 a ton, uranium would be competitive with coal as fuel for generating power only one part in 1,000 of the available energy of uranium were used. According to Compton, the scientists already can guarantee that considerably greater efficiency than that could be provided from the outset.

Dr. J. R. Oppenheimer, former director of the Los Alamos (N. M.) laboratories of the Manhattan District, commented that, in his opinion, an installation to provide 500,000 kw. to 1,000,000 kw. of usable electricity is "not very far off." The stumbling block, he said, would be to find the key to make such a plant fit into "a natural, living economy, and find out where plants of this kind were preferable to water power and to coal."

Ramifications—And that's a question which has utility men worried. If the government is to have complete control over nuclear research and development, how difficult is it to imagine the government public power enthusiasts' demanding that development of atomic power plants be pushed top speed to bring this new age to the people? Government power developments—up to now, at least—have necessarily been geographically limited to major river valleys offering high potentials of water power.

Not all the anxiety is with the private utility men, however. The public water power enthusiasts are showing that they, too, have heard the suggestions that atomic energy may make such installations as Grand Coulee obsolete.



FESTIVITIES WITH SERIOUS INTENT

Shedding their dignity of office, Gov. Horace A. Hildreth (left) of Maine and Gov. Charles C. Gossett of Idaho clown for cameramen to publicize the potato crops of their respective states—and focus attention on an estimated 60-billion-bushel surplus. Scene of the potato party was the Senate dining room in Washington, where, after the hilarities, the governors dished up their proposals: Divert the surplus overseas to feed Europe's hungry peoples.

30% Rise for Farmers Too?

Congressional farm bloc demands increase of price guarantees by including farm wages in parity formula. Strategy is also aimed at blocking department's plan to reduce supports in 1946.

Now it is 30-30. The congressional farm bloc demands a 30% increase in farm parity prices to match labor's demand for 30% higher wages. This also is intended to stymie an Administration attempt to reduce farmers' price supports in 1946.

• **Wages in Formula?**—The bloc opened hearings in the Senate this week on a bill to boost prices of all the major farm commodities. The measure, introduced by Sen. Elmer ("A-Little-Inflation") Thomas of Oklahoma, would boost government price guarantees to farmers by (1) including farm wages in the government parity price formula, and (2) by shifting the present 1909-14 formula base, for most commodities, to a 1919-29 base. Besides putting wages paid to hired farm workers in the parity formula, the proposed revision would include in the formula wages for farm operators and members of their families engaged in farm work, computed on the basis of wage rates for hired farm labor.

A companion bill, introduced by Rep.

Stephen Pace of Georgia, would include actual and computed farm wages in the parity formula but would retain the present base periods. The bill has been favorably reported by the House Agriculture Committee, but House floor debate will be held off until after the Senate hearings.

As now constructed, parity includes (1) the prices paid by farmers for 85 items used in family living and 94 items used in farm production, (2) interest on farm mortgages, and (3) taxes on farm real estate. It does not include farm wages.

• **How Bills Affect Prices**—By including farm wages, the Pace bill would boost the parity prices of individual commodities by amounts varying from 47¢ a bu. for wheat and 35¢ a bu. for corn to 12¢ a lb. for tobacco and \$52 a ton for peanuts. The Thomas bill would increase prices of these commodities by smaller amounts, but other items by larger amounts. It would increase the parity prices for lambs by \$5.50 a cwt.,



Rep. Stephen Pace of Georgia spearheads the push to raise farm parity levels by including farm wages in parity formulas—but without the blessing of major farm organizations.

wool by 16.4¢ a lb., and cotton by 8.8¢ a lb.

All of these increases would be in addition to any rise in prices paid by farmers for items already contained in the parity formula. The minimum government dollar-and-cents price supports voted by Congress for two years after the end of the war also would have to be raised.

Currently, the price supports range from 90% of parity for wheat and corn to 130% of parity for wool, with an average above parity. These supports were designed to stimulate wartime production. The legally required minimum is 90% of parity for most commodities except cotton, which is 92½%.

• **Supports May Be Lowered**—Secretary of Agriculture Clinton P. Anderson wants to cut the supports to the legal minimums next year in order to prevent production in excess of domestic and foreign needs. Moving in this direction, he announced last month a reduction of \$1 a cwt. in the support price for hogs from Oct. 1, 1946, through Sept. 30, 1947 (BW—Oct.27'45, pp5,17).

This reduction followed a feeler that was spurned by Pace to cut the support for peanuts to \$140 a ton from the present \$160 a ton.

Failing, in conference with Anderson,

to get a commitment to continue all price supports at the wartime levels, Pace and his farm bloc colleagues now seek an equivalent or better result by legislating higher parities.

The present parity for peanuts is \$168 a ton. The government support price is \$160 a ton. Pace would increase the parity for peanuts to \$220 a ton, and the government support (at 90% of parity) would then become \$198 a ton.

Similarly, the present parity for soybeans is \$1.68 a bu., and the government support for the 1945 crop is \$2.04 a bu. The Thomas bill would increase soybean parity to \$3.10 a bu., and the government support (at 90% of parity) to \$2.79 a bu.

• **Anderson's Plans Imperiled**—Anderson holds that the proposed increases in parities for all commodities would hamstring not only his efforts to eliminate the wartime price subsidies by next July, but also his efforts to adjust postwar farm production to market requirements.

Also, he says, consumer food prices would be forced up by artificial scarcity created through government accumulation of commodities at the high support prices. With few exceptions, the present law requires that government holdings cannot be sold in the domestic market at less than parity prices.

• **Farm Groups Divided**—Neither the Thomas nor the Pace bill has Administration or farm organization support. The Farm Bureau Federation wants no change in the present parities, pending consideration of the subject at the bureau's annual convention to be held next month.

The National Grange isn't averse to a rise in parities, but thinks that the Thomas and Pace bills go too far. The Farmers Union isn't sponsoring higher supports for farm operators; it wants, mainly, a boost in farm wages but no increase in consumer food prices.

• **Had Biggest Increase**—Before the war, no one was interested in including farm wages in the parity formula. Their inclusion during most of the 1930's would have lowered, not boosted, the parity prices. By contrast, the seasonally adjusted average of farm wage rates is now 345% of the 1910-14 base. Wages have risen more than any other wartime farm production costs.

During the war, the Administration compromised two legislative attempts to include the rising farm wages in the parity formula, by hiking the percent-of-parity price supports in lieu of an increase in parity itself (BW—Oct.13'45, p5).

A probable compromise now is a further boost in supports from the 90% to 92½% minimums to 95% or even to full parity.

United Fights CAB

Airline asks U. S. court to review allocation of coveted Denver-Los Angeles route to Western Air Lines.

The airline fight over the Denver-Los Angeles route, one of the last long gaps in the national air service pattern has entered a new phase with the filing by United Air Lines of a brief in the U. S. Court of Appeals, District of Columbia, to support its petition for judicial review of a Civil Aeronautics Board order awarding the route to Western Air Lines (BW—Nov.25'44, p26).

United has asked that this order issued Nov. 11, 1944, and another of Jan. 23, 1945, denying petitions for reconsideration and reargument, be set aside by the court and the case remanded for review.

• **Main Line on Regional?**—The award to Western was contrary to a finding by CAB examiner (BW—Apr.22'44, p46) that the route should go to United on the grounds it is "inherently a segment of a Great Circle transcontinental route and it should, therefore, be operated by a transcontinental carrier."

United much prefers this reasoning to the board's observation that "the maintenance of Western as a strong regional carrier in a position to compete effectively in the western part of the country outweighs any benefits which might accrue from the establishment of additional single-company service from Los Angeles to the East via Denver. . . ."

But even more, United takes issue with the board's statement that the finding is justified "particularly in view of the availability of through plane service under an arrangement for the interchange of equipment." CAB's decision, United argues, was ambiguous and inconsistent.

• **Interchange Disputed**—A previous agreement whereby United and Western interchanged sleeper plane equipment at Salt Lake City is still in effect, but operations under it were canceled when the Army took airline equipment in 1942. They have not been resumed.

Admitting that a Denver interchange agreement is a possibility if Western finally obtains the route, United contends that the record does not justify a conclusion that one will be executed or even that there is a probability of one. "There is every reason," the brief states, "to believe that negotiations between the two competing carriers would result in disagreement." United es-

estimates that a two-carrier operation would require more than 50,000 persons a year to change planes at Denver.

• **Competitors and Partners**—Pointing out that United and Western already are competitors between Los Angeles and San Francisco, the brief declares that "award of the Denver-Los Angeles route to Western and interchange arrangements at Denver would require United and Western to be parallel competitors and partners at the same time."

"This involves two extremes. Parallel competitors are the most intense competitors, whereas interchange carriers should be the most intense cooperators." United, therefore, maintains that whatever the board's opinion as to success or failure of the Salt Lake City interchange agreement, the new competitive situation between United and Western would prevent a successful interchange via Denver.

• **Radio Facilities Awaited**—Western has not flown the Los Angeles-Denver route, but is making plans to do so when Civil Aeronautics Administration has completed installation of very high frequency communications facilities, probably shortly after the first of the year.

There was some expectation that Western might conduct night operations over its present route from Los Angeles to Salt Lake City, then fly daytime only on a leg to Denver. This, however, was before four-engine equipment became available to the commercial airlines. Western now expects to get delivery on a DC-4 in December, and probably will use this plane to start its Denver service, if the court denies United's request.

• **New Tie-Up Considered**—Meantime, there is some talk of the possibility that Western and other lines may band

together to set up what in effect would be a new transcontinental system to compete with the present four transcontinental carriers—United, American Airlines, Transcontinental & Western Air, and Northwest Airlines. This possibility presupposes that Continental Air Lines of Denver will be awarded an extension of its route, already applied for, from Kansas City to St. Louis. Some observers foresee, in this event, that Western might connect with Continental at Denver, while the latter might join Eastern Air Lines at the St. Louis terminus of Eastern's route 47 to the East Coast. Equipment interchange agreements would complete the picture.

Continental and TWA also applied to CAB for the Denver-Los Angeles route, but their applications, like that of United, were denied. TWA and Western presently have parallel service over the route from Los Angeles to Las Vegas, Nev.

Housing Problem

As prices skyrocket, OWMR six-point program appears to be best bet for solving difficulties. OPA's legislation is unlikely.

The question of price controls over housing—old as well as new—is nearing a showdown.

This problem has already been kicking around the White House for two months (BW—Sep. 8'45, p21), and now is squirming under the full light of publicity cast on it by the Senate Small Business Committee.

• **Fear of Inflation**—The Senate hearings were prompted by the lifting of L-41, WPB's basic construction control order, on Oct. 15. An emergency measure, L-41 set dollar limits on various types of building. The object was to channel scarce materials, facilities, and manpower into the kinds of construction that would be of greatest support to the war economy. Although not designed as a pricing measure, L-41 did have a restraining effect on prices. In residential building, for example, the sales top for wartime houses was set at \$8,000.

The immediate occasion for the Senate hearing was overshadowed by another cause—the fear of fast-rising prices, the fear that an extension of the wartime run-up in home values will sweep the economy into an inflationary spiral.

• **Prices Skyrocket**—On this score, witnesses told the committee that:

Average prices for homes in nonfarm areas are up between 30% and 40%



John C. Stevens, president of the American Society of Civil Engineers, headed the construction industry advisory parley, whose speakers urged fewer controls than have been recommended by either NHA or OPA.

since 1939, and individuals are paying anywhere from 20% to 100% more for homes now.

Although the value of permits for residential building declined 72% in the last five years, mortgage-loan recordings advanced 81%, with the size of the average mortgage increasing from \$2,769 to \$3,187.

Building-material prices rocketed 238% in the first World War inflation, and three-fifths of the rise came during the 18 months that followed Armistice Day.

• **The Public Lament**—Against this backdrop of facts and figures, committee members were told officially what they certainly knew from their own observations, or, at least, from the wails and laments in their daily mail: Although millions of persons want new homes, building materials and products are still scarce; construction labor is still short; vacancies in most cities and towns are still at all-time lows.

As National Housing Administrator John B. Blandford, Jr., sees it, the immediate problem is this: Between now and the end of 1946, at least 3,400,000 nonfarm housing accommodations are needed—1,600,000 for married veterans now without homes of their own, 1,300,000 for single veterans expected to marry during the period, and 500,000 for new civilian families.

• **Deficit of 2,000,000 Homes**—On the side of prospective supply, the Bland-



John B. Blandford, Jr., National Housing Administrator, sides with OPA in urging price controls on new housing to prevent an inflationary spiral—isn't eager to administer them.



ANOTHER TROUBLE-SHOOTING JOB?

"Let's look at Brazil next," says Secretary of State James F. Byrnes, and rotund Assistant Secretary Spruille Braden who supervises the Division of the American Republics focuses his attention on the latest of the Good Neighbors to experience a political upset. Technically, Brazil is due for a federal election on Dec. 2, but not many people in the United States would be surprised if strong man Vargas staged a comeback—either as a surprise candidate in a rigged election or in a quick coup which even now he may be organizing.

ford presentation came to 1,420,000 accommodations, as follows:

Existing vacancies	295,000
Dissolution of families through death or divorce.....	650,000
New construction and conversions	475,000
Total	1,420,000

Setting this figure against need—3,400,000—gives an estimated deficit of 2,000,000 nonfarm homes between now and the end of next year.

• **Not a True Picture**—Even at that, observed the housing administrator, this deficit does not give effect to more than 1,000,000 nonfarm families already living doubled up. Nor does it give effect to demand as distinguished from need; millions of additional persons would like a new apartment or house.

Although the statistics of other witnesses on this point differed from NHA's, they were unanimous to this extent—that housing need, to say nothing of demand, is hopelessly out of line with prospective supply. The real difference of opinion is on just how the housing problem should be met.

• **Pushing for Ceilings**—OPA and NHA are convinced that the answer lies in price ceilings for all houses, new and old.

The Office of War Mobilization &

Reconversion said that it is ready to breathe real life into a six-week-old, six-point program calling for interagency action and government-industry cooperation. At the same time, it agrees with OPA—if the ceilings "don't stop construction."

The U. S. Chamber of Commerce, speaking for the Producers' Council too, is all for relying on "the common sense of the home-buying public to prevent unduly high prices" and on "encouraging as many builders as possible to build new homes, thus increasing the supply of dwellings in relation to demand."

• **Another Program**—The National Assn. of Home Builders has advanced its own six-point program, including inventory controls, continuation of present price restrictions on building materials, and a coordinated campaign by government and industry to increase production and clamp down on inflationary pricing of homes.

Retail lumber dealers are for a let-alone policy at present, claiming that if production of new housing is stimulated, all difficulties would vanish.

Some mortgage bankers advocate a national mortgage appraisal policy, one that would embody the "sound and conservative" method of NHA's Fed-

eral Housing Administration. Their object is to clip the wings of federally insured savings and loan associations.

• **Gunning for OPA**—Of all these "solutions," OPA's stands out like a sore thumb—and almost everyone is taking a bang at it. For what Administrator Chester Bowles proposes is actually the capstone of a broad administrative structure for controlling prices of homes—from the time a foundation is dug to the time a sale is made.

As a first step, OPA is going to extend dollar-and-cents ceilings to all building materials, such as brick, lumber, soil pipe; all building products, such as doors, windows, cabinets, bathtubs, septic tanks; and most contractors' services, such as painting, papering, renewing of roofs, digging of cellars. Only a handful of materials, products, and services are now under such ceilings; the remainder are under "formula pricing" (cost plus a specified markup).

• **What Price Agency Wants**—In setting such ceilings, local conditions—such as wage rates and delivery charges—will be taken into account. These ceiling prices will then be posted by neighborhood building dealers, lumber yards, construction firms, and OPA field offices. OPA expects buyers to be able to check construction costs as easily as housewives check food prices in the corner grocery.

OPA can do all this under its present powers; in fact, it has done it on a relatively small scale throughout the war on repair and modernization projects. But now that L-41 is gone, there is a hole in the over-all ceiling that OPA would like to build; for while a contractor would be buying construction materials, products, and services at controlled prices, he would be able to sell the finished product in an uncontrolled market.

• **Dual Objective**—To plug that hole, OPA wants new legislation. And it thinks that such legislation should:

(1) Prevent speculative buying and reselling of existing homes by making the first price, after legislation is passed, the ceiling price for future sale. Provision would be made for upward adjustments where improvements have been made after the initial sale, or where special circumstances were present.

(2) Establish price ceilings on new homes. These would be sufficiently high to cover all costs of production (not in excess of legal price ceilings for materials, products, and services) plus a "generous" profit (perhaps 1941 or 1942 margins) to the builder or developer.

• **Room for Adjustment**—If he wishes, says OPA, a builder should be able to get an approved ceiling price before he



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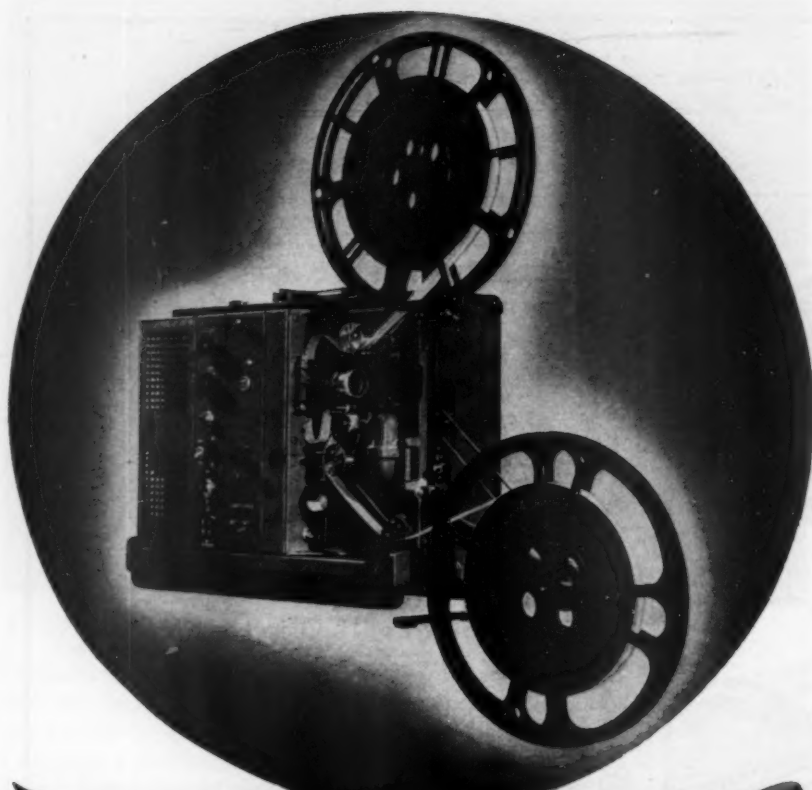
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starts to build. But if he wants to start immediately, he should be able to submit his cost estimates and proposed ceiling for checking and approval by the appropriate government agency. In either case, he would have an opportunity to adjust the ceiling price after the building is completed, if unforeseen cost advances endanger his profit under the original price.

Although OPA and NHA are agreed on the desirability of such a plan, neither wants to undertake the actual job. It would be a tremendous administrative task—to say nothing of the unpopularity that would descend on the administrative agency.

• **Doubtful Legislation**—As far as Congress is concerned, Sen. Robert F. Wagner, New York Democrat, and Rep. Wright Patman, Texas Democrat, have stated that they may introduce the kind of legislation that OPA is shouting for, but its chances of passage are slim. In view of the widespread desire to junk wartime controls, it will take the hardest kind of "doing" to convince Congress that this is the time to vote a new one.

This is particularly true since Reconversion Director John W. Snyder, under senatorial questioning, took an agnostical stand on the OPA request—though he wouldn't give it his unqualified backing, he wouldn't actively oppose it when, and if, it is introduced.

• **Snyder's Program**—For better or worse, it looks as if solution of the housing problem will be approached by pushing Snyder's six-point program—announced Sept. 18 when the decision was made to drop L-41. Here is a point-by-point summary of that program, together with accomplishments to date and OWMR's hopes for the future:

(1) "Through interagency action an active campaign to increase the supply of scarce building materials will be undertaken and, if necessary, price and wage increases and priorities to break bottlenecks will be granted."

What was done in the brick industry illustrates the procedure. Once the need for increasing brick production was established, an interagency committee went into action. OPA increased prices; WPB granted priorities for firms needing equipment; the U. S. Employment Service launched a recruitment campaign; and plants in need of financial assistance were referred to banks and federal lending agencies. Result: Brick output is now expanding smartly.

(2) "The Civilian Production Administration will strengthen inventory controls to prevent hoarding of building materials so that building will not be delayed by artificially created shortages."

Last week, inventories of all kinds, sizes, and grades of lumber by all users



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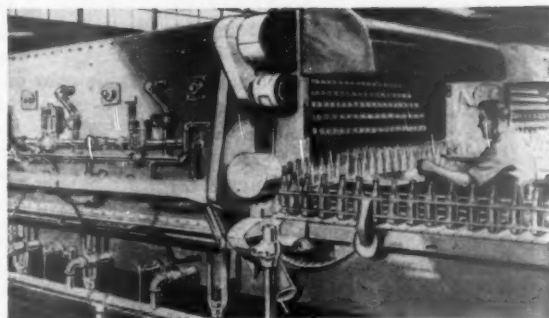
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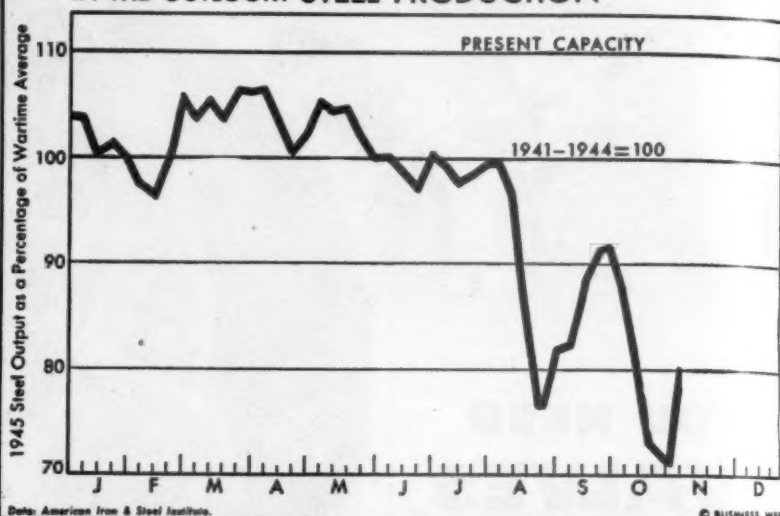
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IN THE OUTLOOK: STEEL PRODUCTION



Purchasing agents are clamoring for steel—and the earliest possible delivery dates. That, in combination with mills' already clogged order books, is pushing output up again after the interruption caused by the coal strike. But much reconversion steel has been lost, and output probably can't be pushed back up to wartime levels with manpower still short and the wage-price issue hampering management decisions. The "natural" level appears to be a bit above 90% of the war rate—which is equivalent to about 85% of capacity.

were limited to 60 days' requirements or a "practicable minimum," whichever is less. It was also announced that CPA's compliance staff would police these and other inventory restrictions—on cast-iron soil pipe, copper wire, etc.

(3) "The Office of Price Administration will strengthen price control of building materials to counteract inflationary pressure."

OPA's extension of dollar-and-cents ceilings to building materials, products, and contractors' services will soon be introduced. A pilot study has been carried out in Chicago; Washington, D. C., may be the first regular testing ground.

(4) "The federal credit agencies will do everything possible to discourage excessive and unsound lending on mortgages. They will enlist voluntary cooperation of banks and other lending institutions to minimize the danger of inflated prices due to excessive demand."

Under the Trading With the Enemy Act—legal authority for existing controls over consumer credit (BW—Oct. 6'45, p82)—the Administration could require uniform down payments by all mortgage lenders. This was about to be put into effect last spring, but was dropped when Fred M. Vinson was appointed Secretary of the Treasury, from his post as reconversion chief. Presumably, the Administration considers this too radical a

step at this time. So "voluntary cooperation" will undoubtedly be relied upon.

(5) "Representatives of industry groups including real estate, building supplies, and construction will be called to Washington to map out a voluntary program to increase quickly the production of all materials and facilities needed for an expanded home-construction industry, and also to help fight inflated building costs and real estate prices."

This meeting is expected momentarily and will be a logical followup to the construction industry advisory conference sponsored in Washington this week by the U. S. Chamber of Commerce. The campaign probably will include an ambitious program of radio and press publicity.

(6) "The National Housing Agency in conjunction with industry representatives will provide an information and advisory service on home values available to any prospective home buyer regardless of whether federal assistance in financing is involved."

Although OWMR has not made a definite announcement in this regard, it seems to presage use of NHA's 60-odd Federal Housing Administration state and district offices for appraisal purposes. Prospective home buyers would bring specifications in and get advice as to whether they are paying more than they should.

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During the same period there was also built in North Carolina the greatest household furniture industry in the United States, also then new to North Carolina and the South.

And, in a similar period there was built in North Carolina the greatest tobacco industry in the United States. Here was fashioned the mechanical, financial and marketing techniques of the tobacco industry, techniques which have revolutionized the selling of mass consumer goods.

Enterprise in these fields has meant much to North Carolina. It has changed the State from an almost totally agricultural community to about 12th place in the nation as a manufacturing state.*

North Carolina has labor, and the record proves it, that is capable of learning new skills and techniques and is willing to work—a supply of men and women workers with the ability to help build new industrial empires.

Thousands of North Carolina men and women workers learned new skills in wartime work. Today they stand ready to turn these newly acquired skills to the production of peacetime goods.

Industrial opportunities are varied in North Carolina. Here is produced one-fourth of the peanuts harvested in the United States, but the amount of peanut products manufactured in the State is negligible.

North Carolina pioneered in the growing of soybeans, today is a real factor in the production of this crop, and yet there is little soybean processing in the State.

No other state equals North Carolina in the production of sweet potatoes, and here is the basis for a great alcohol and starch industry.

North Carolina has great forest resources; and fish oil, cake and meal possibilities—five percent of this latter industry already being located in the State with the surface barely scratched.

Mineral resources, including coal, mica, clays, iron, manganese, tungsten and magnesium, to mention only a few, await the touch of business enterprise that built the great and profitable textiles, furniture and tobacco industries.

North Carolina invites Industrialists with imagination, with vision and faith in the future of America, to turn their eyes our way. North Carolina's friendly people will help you build new industries. Write to Department 3388, Department of Conservation and Development, Raleigh, North Carolina.

**Data from "North Carolina's New Industrial Opportunity," published by the North Carolina State Planning Board.*

NORTH CAROLINA

Aviation in 1955

CAA estimates that civil planes in operation will number 400,000 in ten years. Jobs for 900,000 are envisaged.

The Civil Aeronautics Administration this week painted the picture of civil aviation ten years from now in a report on "Civil Aviation and the National Economy."

The number of civil planes in operation will grow from the present 30,000 to over 400,000 by 1955, according to CAA estimates. In the main, the estimates are based on the rate of growth of automobile ownership. At a comparable stage, 1900 to 1910, automobile registrations increased 45% a year, reaching 486,500 in 1910. CAA cuts the growth rate obtained from automobile experience because of the still prevalent fear of air travel and predicts a growth rate of 30% a year in civil planes.

• **Passenger Miles**—The report projects a five-fold rise in passenger miles flown



CROSBY'S PIECE PIPE

For the greater convenience and pleasure of pipe smokers—and their neighbors—Bing and Larry Crosby's Research Foundation, Hollywood, is promoting a plastic pipe that comes apart for easy cleaning. A replaceable briar bowl insures proper flavor. During the war the foundation set aside the pipe, which is made on an injection machine, in its search for military inventions (BW—Aug. 8 '42, p. 59). Now it plans to farm out its peacetime products for manufacture under contract—especially to the region's crop of baby war plants. The foundation, however, will do the marketing.



by domestic airlines. Airline traffic would represent 50% of Pullman passenger mileage by 1955. In addition, U. S. airlines are expected to carry 2,000,000 passengers to foreign points, about 10% of the number carried on domestic routes.

CAA estimates that a civil aircraft industry of these dimensions would provide 900,000 jobs, or 760,000 more than the prewar total. Some 650,000 persons would find direct employment in the aviation industry. The remainder represents an estimate of the number of persons who would be employed in mining, machinery manufacture, petroleum refining, and the like to supply the needs of expanded aviation.

• **Federal Program**—To attain these goals, the report outlines a Federal Civil Aviation program calling for expenditures of about \$100 million a year. Almost two thirds of this sum would go for 3,050 new airports. Pilot training would be made available each year to 40,000 persons of college age.

Air and ground aids to air navigation—including radar devices—would be improved. Expenditures for CAA's research and development program would be increased modestly.

• **Prosperity Factor**—If the CAA forecasts of civil aviation potentials prove anywhere near accurate, the growth of aviation will be an important factor in postwar prosperity. According to their estimates, aviation can provide almost 6% of the new jobs required for full employment.

Few guideposts are available for appraisal of the report. In general, the CAA goals represent the middle ground between the pessimists and the extremists.

MORTGAGE LAW UPHELD

New York State's mortgage moratorium law, originally enacted chiefly to protect the small home owner from the depression conditions of 1933, is just as valid today even though the factors that brought about its passage may no longer be present.

That is the gist of a New York State Supreme Court decision this week in a case involving the constitutionality of the statute's 1943 extension. That enactment provided for another year's suspension of the right to foreclose for default in payment of principal on any mortgage executed before July 1, 1932, when the debtor had correctly maintained interest payments and complied with the small amortization payment requirements added to the law in recent years.

The Supreme Court indicated that the question of its present applicability was one for legislative not judicial action.



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MERCHANDISING—Market studies, selling methods and quotas, sales costs and salesmen's compensation.

MANUFACTURING—Plant engineering and facilities, production methods, manufacturing organization, controls for materials, inventories, production, quality and expense, labor controls and incentives.

ENGINEERING RESEARCH—Product development and performance, process development design and research.

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Radio, 25, Looks at the Future

Frequency modulation broadcasting over thousands of stations is nearest to realization on industry's birthday, but facsimile and television with full-color pictures over networks are in sight.

As broadcasting celebrated its 25th anniversary this week, the peacetime future held these developments:

Thousands of frequency modulation (FM) stations, opening new avenues of education and entertainment.

Facsimile broadcasting, providing delivery of news in newspaper form through home radio sets.

Television, with full-color transmission and nationwide networks.

High-powered clear channel standard (AM) broadcast stations established at regular intervals throughout the country to provide radio service to remote rural areas now unable to hear broadcasts.

• **FM to Blanket Nation**—Of all these future developments, FM is closest to realization. A new and improved method of broadcasting, FM filters out all static, both atmospheric and man-made.

Recently revised allocations of the new FM spectrum—to 88-108 megacycles from 42-50 mc.—should ultimately provide something like 10,000 broadcasting stations, according to Federal Communications Commission figures. This compares with some 900 standard stations in the continental U. S. Paul A. Porter, FCC chairman, predicts 2,000 to 3,000 FM stations within five years.

To date more than 600 FM applications are on file at the FCC. In the last fortnight the commission has granted 129 applications for new stations.

Under new FM allocations, the country is divided into two areas:

Area I comprises southern New Hampshire; all of Massachusetts, Rhode Island, Connecticut, New Jersey, Delaware, and the District of Columbia; southeastern New York, north to Albany-Troy-Schenectady; Maryland, west to Hagerstown; and eastern Pennsylvania, west to Harrisburg.

Area II is the remainder of the country.

• **Two Types of Stations**—Two types of stations are permitted in Area I—metropolitan and community; in Area II, rural as well as metropolitan and community stations will be established.

Unlike present standard outlets, metropolitan stations must serve an equal area in each district. Power is limited to 20,000 watts effective radiated power. Antennas must be 500 ft. above the highest point in the terrain

within ten miles. (In FM broadcasting the taller the antenna the more powerful the signal.)

Community stations are designed to serve the smaller areas. They are limited to 250 watts effective radiated power, with antenna heights of 250 ft.

• **Higher Power in Rural Areas**—Rural stations will be allowed much greater power—as high as 200,000 watts effective radiated power. This is to provide service in widely scattered rural areas and smaller communities. (Because of the proximity of cities in New England, "rural" stations are not practical in that area.)

Area I allocations illustrate the large number of FM transmitters possible, as compared with the limited number of

standard stations. The FCC has made available enough channels to accommodate 258 stations in all—158 metropolitan, 100 community. This compares with only 124 standard stations in the same area.

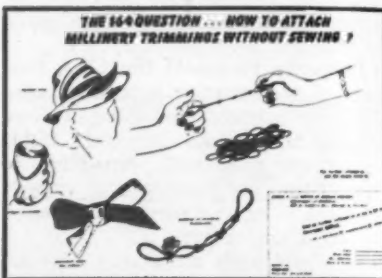
Since Area I covers approximately 50,000 sq. mi., and the total area of the U. S. is 3,000,000-plus sq. mi., some 15,000 FM stations, theoretically, can be accommodated in the U. S.

• **Obstacles Encountered**—Just how soon FM gets going as a public service depends upon several factors. Set manufacturers have complained about OPA ceilings, but Price Administrator Chester Bowles last week indicated his belief that competition would take care of pricing and permit the removal of ceilings at a fairly early date.

To help get FM started, the FCC granted permission to duplicate standard programs on new FM stations. Thus the public has been told that its favorite Sunday evening programs would be available on the new static-free stations. But James C. Petrillo, president of the American Federation of Musi-

THE AFTERMATH OF WAR

Faced with disposing of two million Neoprene gaskets for Wasp engines, the Chicago branch of the Office of Surplus Property—which this week handed over its business to the new War Assets Corp.—demonstrated marketing ingenuity. Aiming its sale brochure at milliners, the Chicago staff suggested that the gaskets might be used as trimming fasteners, flower bandeau and bracelet foundations.



In contrast was the scramble (below) in Kansas City, Kan., for B-25 rubber gas tanks, which were offered gratis when the lot attracted no bids.





*"Out of this nettle, danger, we pluck
this flower, safety"* Shakespeare, *Henry IV*

There was a lovely flower that bloomed miraculously on the rubble heaps of London. This flower never grew wild before in England. The miracle of its blooming came from the nitrates loosed by tons of bombs that fell on English soil.

There were not many pleasant things to be seen among the ruins of World War II. Yet one thing we can be thankful for—this war made production bloom miraculously. Here in America, all of us turned to, hand workers and brain workers alike, to heap up

the mountains of munitions that backed up our men. We worked with all our might at a job we didn't like—to get it over quickly and get our sons back to the friendly jobs of peace.

Olin Industries did not like the job of war any better than anybody else. Now they are mighty glad it's all over and they can get back to peacetime and the making of things that will help people everywhere enjoy life with a free heart once again.



Soon there will be guns and ammunition for sportsmen, roller skates for kids, and flashlights and batteries for everybody. There will be brass, bronze and other metals needed by countless manufacturers to create a thousand and one things to make life better. All these will again come rolling out of the acres of mills and laboratories that make up Olin Industries.

The job of peace has been Olin's job for more than half a century. Today, the mountains of munitions America produced have served their purpose, and the lovely flower of peace will grow out of them.

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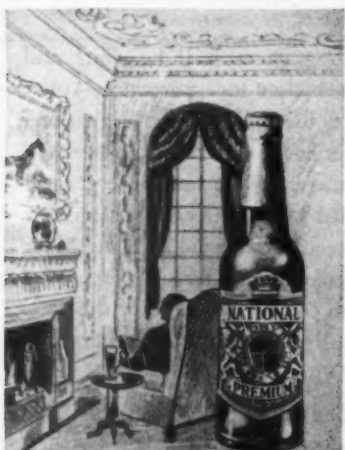
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cians, has demanded that networks hire an extra musical staff if standard programs are duplicated on FM stations (BW—Nov. 3 '45, p. 78).

• **Congress Is Consulted**—Broadcasters met in Washington last week to discuss ways and means of meeting the Petrillo ultimatum. They declined to discuss their plans, but it is understood they conferred with congressmen who handle radio legislation.

Rep. Clarence F. Lea, Democrat of California, chairman of the House Interstate & Foreign Commerce Committee, already has met with the legislative committee of the Federal Communications Bar Assn. on new radio legislation. His committee held extensive hearings early this year on the Dondero and Ferguson bills to prevent Petrillo from interfering with educational broadcasts such as the Interlochen (Mich.) music camp, which he ordered off the air two years ago.

• **Stations Are Silenced**—Whether the A.F.M. edict was a factor in the decision the networks refused to say, but on Oct. 28—effective date of Petrillo's ultimatum—National Broadcasting Co., Columbia Broadcasting System, and Bamberger Broadcasting Service, Inc., owner of WOR, the Mutual Network's New York key station, all took their respective FM stations off the air.

The stations said they were discontinuing broadcasts in the old band, and would be off the air to make technical adjustments preparatory to operation on the new frequencies.

Before the year is out, however, broadcasters hope to solve the Petrillo problem and have FM operating in time for buyers of new receiving sets. FM manufacturers plan to be in full production shortly after Jan. 1.

• **Clear Channel Problem**—Sound radio of the future is expected to embrace thousands of FM stations covering all urban areas and some rural territories, with high-powered clear channel standard stations carrying broadcasts to the remotest sections. The FCC has scheduled a hearing on the clear channel situation for Jan. 14.

Two issues are at stake: Shall the FCC permit stations of more than 50,000 watts, the present power limit, and reallocate the clear channels, or shall the present clear channels be broken down to permit more than one station to operate on each?

In standard broadcasting there are four types of stations: Class I-A, operating with 50,000 watts power on exclusive "clear" channels; Class II, secondary stations of lower power, sharing clear channels with dominant 50,000-watt outlets; regional stations, limited to 5,000 watts power; and local stations, with a maximum of 250 watts.



FLYING FISH

Swathed in Goodyear's pliofilm that seals in moisture and—almost—eliminates emanating odor, chilled, fresh fish may be flown or shipped without ice, according to Air Cargo Research after experiments at Wayne University, Detroit. Dead air space created in cartons by paperboard between two wrappings maintains initial low temperatures. With ice eliminated, container weight is cut from 75 lb. to 11 lb. for a 100-lb. fish cargo.

Whatever the outcome, FCC Chairman Porter and L. K. Jett, veteran engineer, have gone on record predicting that the radio of the future will consist of FM and high-powered clear channel stations, assuring coverage for every inhabitant of the U. S.

• **Facsimile and Television**—As for facsimile, Porter only last week declared that the time is not far off when the radio listener will be able to tune in his facsimile receiver, which probably will be combined with his AM and FM receiving set, and receive a complete news report in newspaper form. During the war facsimile received little public attention, but the military services were very much awake to the art and marked progress was made. Obviously, newspaper publishers are interested.

Television has been allocated 13 channels below 300 megacycles and 28 channels above 400 mc. Under the present 13-channel plan, seven stations can be established in New York and at least one television station in all of the first 140 markets of the country.

CBS a short time ago demonstrated so-called 525-line color television in the frequencies above 400 mc. and an-

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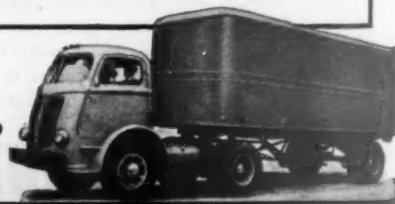
LESS HANDLING! Goods travel from shipper to consignee with a minimum of reloading. Needless wear and tear is wholly eliminated.

LESS SPOILAGE! Because trucks travel *direct routes*—goods arrive faster, fresher.

LESS LOSS! With so much less loading—chance of costly loss is slashed right to the minimum.

To beat stiff postwar competition will take the speed, flexibility and convenience that only trucks can offer. So make plans *now* with your local motor carrier for a program of postwar service. For list of these carriers consult the ATA Motor Carrier Directory.

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In the compass of the word automatic you can find the chief difference between industry a century ago and industry today. And this highly significant word describes Louden Selectomatic Dispatch . . . marking a major advance in materials handling methods. The operations that just a few months ago demanded close and constant supervision now take place unattended. Loads travel anywhere in a plant, from any origin to any destination; parts are handled through processing, oven doors opened and closed, dipping operations are timed exactly; travel from floor to floor or building to building negotiated; distribution of needed materials to waiting machines achieved; loads spotted or dumped; empties returned to the loading point . . . all these operations and others follow automatically upon one simple setting of the selector switch. Factories now employing Selectomatic say this is the most amazing handling achievement in years. You will come to automatic handling eventually; why not investigate it now? The Louden Machinery Company, 5246 N. Superior Ave., Fairfield, Iowa.

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SELECTOMATIC DISPATCH

For the automatic and unattended handling of materials

nounced that within a short time the networks will be operating with a daily schedule of color.

• **Higher Television?**—Engineers say it will be a year or 18 months before television is ready for complete service. By that time, experimenters in the higher frequencies (above 400 mc.) will be ready with a higher-definition black and white picture, comparable to the finest quality motion pictures today.

If such is the case, television might well climb into the higher frequencies by popular demand. That would make available additional channels for FM—and the potentialities for FM are virtually unlimited.

Brick From Kaiser

Coast refractory products is being marketed in eastern competitors' own territory. New plant is under construction.

Permanente Cement Co. has nibbled profitably at the refractory brick business and is now marking out a bigger bite. It thereby becomes a factor in a hitherto closely knit field whose annual income of upwards of \$70,000,000 a year reflects a degree of success in defending pricing policies against government attack.

On the shores of Monterey Bay near Watsonville, Calif., the Kaiser-owned cement company is erecting a plant which, when completed early next year, will have a 100-ton daily capacity of the firebrick essential to steel furnaces.

• **Into Competitors' Territory**—That is not an enormous production by the standards of an industry which in 1938 produced more than 4,000,000 tons of bricks from the several clays in use. The significant thing about it, from the industry's point of view, is that a large proportion of the output will be hauled across the country and sold at competitive prices in the home territory of such long established manufacturers as Harbison-Walker, Pittsburgh; North American Refractories, Cleveland; and General Refractories, Philadelphia.

Without making much fuss about it, Permanente has been selling its fire-resistant brick in the East for a year.

• **Among the Customers**—Its customers include Republic Steel in Ohio, Universal-Cyclops Steel Co. in Bridgeville, Pa., and Indiana Steel Products Co. at Chicago, all within the natural marketing area of the big eastern manufacturers.

Other users of Permanente refractories include Anaconda Copper, American Smelting & Refining, Sheffield

We're tired and thirsty, Mom - how about some orange juice?



Yes, Junior has the right idea, and while he doesn't know about vitamin C, he *does* know that a brimming glass of orange juice is just the thing to top off that football session with Dad.

Dad's a doctor. He knows that vitamins and minerals are important to his family's health. Just yesterday he said: "Be sure we have plenty of fresh citrus fruit on hand, Mother. We'll need their vitamins as insurance against colds."



That put the problem squarely up to Mom . . . and she found the most practical solution was an easy-to-carry 8-pound open-mesh bag of oranges. Yes, here she is, buying oranges by the pound.

Pound selling of oranges has been a real help to Mrs. America, for it gives her a way to compare the price of oranges with the price of all other fruits sold by the pound. It's a buying tool she does not have when oranges are sold "by the dozen," and it gives her a new appreciation of the value of the orange.

The practice of selling oranges by the pound which is now accepted so enthusiastically by grocers and housewives everywhere owes its start to the consumer-size open-mesh bag that made pre-packaging of oranges possible. Since 1930, Bemis has been a leading manufacturer of those open-mesh bags and an important supplier to the country's citrus growers and shippers.

Today hundreds of products are packaged in Bemis Bags. Very often, as in the case of pound selling of oranges, these bags have been responsible for new trade practices that give the product new sales appeal. In other instances bags have placed a product in a better competitive position in a crowded field . . . or lowered packaging costs with a subsequent lower price to the consumer.

Are you overlooking a sales or service advantage you can give your product with one of the many types of bags made by Bemis? A consultation with Bemis packaging specialists may prove helpful. It will not obligate you in any way. Write Bemis today.

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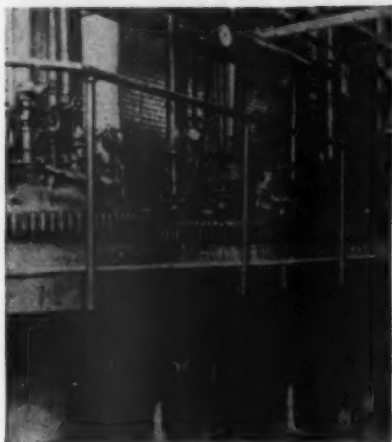
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AND THEN CAME THE CHICAGO DAWN

Hordes of Chicagoans enjoyed the blazing demise last week of the city's oldest grain elevator—slated to be torn down anyway—but the spectacle was more expensive than they thought. The grain bins contained about two million b. ft. of white pine lumber in rare sizes, was to have been salvaged by the American House Wrecking Co. and used in the area's postwar construction program. Value of the lumber was put at \$150,000. The elevator was purchased recently by Cuneo Press, Inc., which will build a new plant on the site.

Steel, Northwestern Steel & Wire, and Oregon Steel Mills.

Permanente's invasion of the refractories field was not premeditated. The cement company itself is a big user of firebrick, and so are the Kaiser-owned steel mill at Fontana, Calif., and magnesium plant at Permanente, Calif.

• **How It Began**—Pursuing Henry J. Kaiser's policy of integrating raw materials production when it is economically feasible, the cement company a few years ago began experiments in high-temperature chemistry. The objective at that time was a "captive" brick plant to satisfy the needs of Kaiser's own enterprises and cut costs. (Brick is expensive and must be replaced from time to time.)

Research developed a process for blending rigidly controlled percentages of magnesia and dolomite into a periclase of high purity. This is the principal ingredient of the basic refractory, which must resist temperatures ranging from 2,000 F to 3,600 F.

• **Tested in Furnaces**—Kaiser furnaces were used as proving grounds for the new brick. Linings of the new product were installed in six openhearth and one electric furnace at Fontana, two dolomite kilns at Natividad, near Sa-

linas, Calif., and one magnesia kiln at Moss Landing.

Kaiser engineers were convinced that they had a product which was superior in its durability and heat resistance. That's when it was decided to take a crack at the competitive market.

• **Plant Outgrown**—A year ago, Permanente Cement began to press brick for other customers at a temporary plant at Milpitas, Calif. Demand has been deemed sufficient to warrant the more permanent installation at Moss Landing on the Bay, where the new plant will have access to a steady flow of magnesium oxide made from sea water by the magnesia plant of its sister company, Permanente Metals Corp.

Kaiser is content to leave in the realm of conjecture the question of how much his move into commercial production of firebrick was dictated by pricing policies of established manufacturers.

• **Under Fire**—More than once the American Refractories Institute has locked horns with the federal government over pricing practices. In 1941, at the crest of the wave of antitrust prosecutions loosed by Thurman Arnold, the institute and some of its members were fined \$37,000 on their pleas of nolo

contendere to price-fixing charges (BW-Jul.19'41,p28).

Again in 1943, the institute was under fire, this time from the Federal Trade Commission, which charged members with eliminating price competition by use of a zoning system of pricing (BW-Jul.31'43,p92).

Permanente is not a member of the institute.

• **Kaiser's Position**—Kaiser showed his disrespect for established prices a year ago when he reduced his cement prices in northern California by 20¢ a bbl. at a time when producers in southern California were receiving OPA permission to increase prices by 20¢ (BW-Dec.16'44,p104). Competitors promptly matched the new price in northern California.

But Kaiser people are not talking price of brick, other than to say that they are selling competitively. Their sales talk is quality, longer life or a greater number of heats.

While conceding that Kaiser has cracked, during wartime shortages, the veneer of a hard-shell industry, the trade is reserving judgment until the California product has survived the test of peacetime competition.

Poultry Surplus

Resumption of Army buying saves \$5 million in market support as oversupply threatened heavy losses to producers.

The surplus chicken problem lost most of its urgency last week when the Army resumed purchases in the five big commercial broiler areas and promised to feed chicken twice a week to men and women in uniform.

• **Taxpayers Save**—Between now and January, the Army will be buying chicken at the rate of about 1,000,000 lb. a week, one-fourth as much as before V-J Day. But the estimated cost of \$1 million will save taxpayers five times that amount, or \$5 million, which is what the Dept. of Agriculture would have had to spend to support the market.

Chicken production in 1945 will be well over a billion birds weighing an estimated 3,575,000,000 lb., about 10% more than last year. Chicks were hatched mostly before the war ended Aug. 14. Before that, military demand had practically swept chicken off the civilian market. By September, however, broilers were going begging. As prices sagged, growers feared ruinous losses.

• **Summer Flocks**—Inasmuch as the Army had no contract with farmers or



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GETTING TOUGH WITH EGG SHELLS

Even one of nature's best packages—the egg shell—is undergoing improvements. At Beltsville, Md., the Dept. of Agriculture laboratory and a jaunty leghorn (right) have produced eggs with tough, nonporous shells which resist breakage (left), evaporation, and heat. Technicians say the eggs remain edible after two weeks of hatching heat—twice the heat resistance of ordinary eggs. Other new eggs have thicker whites for frying, poaching.

processors, it was legally free to cease buying chicken. Pressure to reenter the market was put on the Quartermaster General, Lt. Gen. Edmund B. Gregory, by a Senate Agriculture subcommittee headed by Rep. Stephen Pace, Georgia Democrat. The committee had been told by the North Georgia Poultry Assn. that the industry faced collapse unless some relief was afforded by the government. Gregory's decision to buy is expected to cover the last nine weeks of the year, until the time when seasonal scarcity cuts into the surplus supply.

Normally, commercial broilers are raised for the January-to-June market of high prices, but war's needs for more food caused growers to raise flocks during the summer, too.

• **Civilians Resist**—About half all commercial broilers come from the Del-Mar-Va area, and the remaining half from these major centers: Gainesville, Ga.; Harrisonburg, Va.; Durham, N. C.; and Fayetteville, Ark.

Civilian resistance to buying chicken is also contributing to the oversupply. Prices to consumers have fallen but little, and chicken now has to compete with meat which now is not only comparatively plentiful but cheaper. The House Agriculture Committee has been trying to make OPA Chief Chester Bowles see that price ceilings ought to

be removed if, as it contends, they tend to keep the price of chicken so high that they interfere with moving surpluses.

• **Producers Gambling**—But surplus trouble is by no means ended. Already the broiler men, gambling on continuing high prices, are increasing their flocks. They hope that the meat supply will not be so great next year as anticipated, and that reconversion will move so swiftly that everyone will have a job and money—to spend on chicken.

If they lose, and there's no Army to eat chicken twice a week, the Dept. of Agriculture will have to buy the surplus under the 1942 Steagall amendment to the Commodity Credit Corp. Act.

Commercial hatchery output in September totaled 47,000,000 which was 93% more than the same month last year, and even 12% above September production in the record year of 1943. During the first nine months of this year, hatchings numbered 1,481,140,000 chicks, 17% above the 1944 twelve-month total.

• **Cutbacks in Spring**—In the spring, when egg prices are expected to drop because of an egg surplus, the department predicts a reaction in the chicken trend. Farmers and commercial growers, foreseeing lower chicken prices, will cut back their orders for baby chicks.

Hatchery men are already worried.

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• **Triple Objective**—The culmination of five years of study and planning, initiated shortly after Charles E. Wilson and Philip D. Reed stepped into the top executive posts in 1940, the changes are sweeping through management, production, distribution, and sales phases of G.E. operations.

Production changes are geared to three broad objectives: (1) expansion, to maintain the company's relative competitive position; (2) replacement of outmoded facilities (at least in part to take advantage of war-developed techniques, such as repetitive manufacture of hitherto custom-built steam turbines); and (3) invasion of new business fields with products of G.E. research (20% of all funds for expansion will go into facilities for new products).

• **To Invest Millions**—G.E. already has announced that it will spend \$280,000,000 for new construction and for modernization and reconversion of existing facilities. It will increase its plant area from some 22,000,000 sq. ft., the 1940 figure, to around 30,000,000 sq. ft. (part of this will represent Reconstruction Finance Corp. facilities now in process of acquisition), while its peacetime employment is expected to reach 140,000, against 76,000 in 1940. (Plant area at its wartime peak was 40,000,000 sq. ft., employment 171,000.)

Assuming employee productivity at the same level as in 1940, this would mean G.E. anticipates net sales approximating \$750 million annually, against \$412 million in 1940 and \$1,300,000,000 in 1943 and 1944. Actually, G.E. expects higher productivity per employee as a result of technological advances and looks for a peacetime business volume that will be double the prewar level.

• **Satellite Plants**—Manufacturing activities will be further decentralized in carrying out this expansion. Goal is 150 factories, compared with the present 86. Around major plants that are engaged in producing components for G.E. appliances and equipment will be erected a group of satellite plants which will produce parts.

Located within perhaps 100 mi. of a main plant, they will tap new labor markets outside congested industrial areas. Also, G.E. feels, this will produce two other major benefits: assure more stable employment (workers in smaller cities can lead a fuller life, enjoy lower living costs), and promote product sales through employees' word-of-mouth advertising and regional loyalty to "hometown" industries.

Biggest shift planned is the transfer of the electronics department's headquarters and major operating center from Schenectady to Syracuse, N. Y., where a \$10,000,000 "Electronics Park" will be built.

• **New Plants**—Other major changes include increased production of fractional horsepower motor manufacture in the Fort Wayne (Ind.) area (a \$3,200,000 plant will be erected at Tiffin, Ohio; Navy facilities at Kokomo, Ind., are being leased; land for another plant has been purchased at Decatur, Ind.). Still other developments will be additional appliance manufacture in the East, and enlargement of chemical department operations, with a \$4,700,000 laminated plastics plant to be erected at Coshocton, Ohio, and a huge silicone resins manufacturing plant slated at Waterford, N. Y.

Beyond these, extensive improvements are planned at new and existing locations scattered through the East, Midwest, and Far West. Some \$20,000,000 will go to reconverting and modernizing apparatus department facilities at Schenectady. A 57-acre site has been acquired at San Jose, Calif., for a projected plant; small transformers will be

built in a new \$3,000,000 plant on a 25-acre site at Danville, Ill.; a plastics plant is under construction at Anaheim, Calif., land for another has been acquired at Albion, Mich. Additional deals are pending.

• **Policy Changed**—The chemical department expansion program represents a sharp change in long-standing G.E. policy. Research over the years has produced numerous new techniques, products, and processes far removed from G.E.'s traditional field of electricity and electronics. Policy has been to license other manufacturers to use these "by-products" of G.E. research. (One outstanding exception to this practice concerns tungsten carbide. G.E. acquired German patents for this extremely hard alloy some 20 years ago, set up a subsidiary, Carboloy Co., Inc., to produce it.)

Henceforth G.E. will exploit many of these developments itself. The new plant at Waterford will produce silicone resins and rubber (BW-Dec.9'44,p70). Manufacture of jet engines (BW-Jan. 15'44,p19), development of which was tossed into General Electric's lap by the Army as a result of the company's long experience with airplane turbo-superchargers, is another promising new field for G.E.

• **Aircraft Competition**—Where the company formerly made superchargers, instruments, and other small units for planes, it now will enter the business as a manufacturer of aircraft "systems"—ignition, control, lighting, communications. And this all spells new competition for old-line producers.

Partly to expedite this expansion,

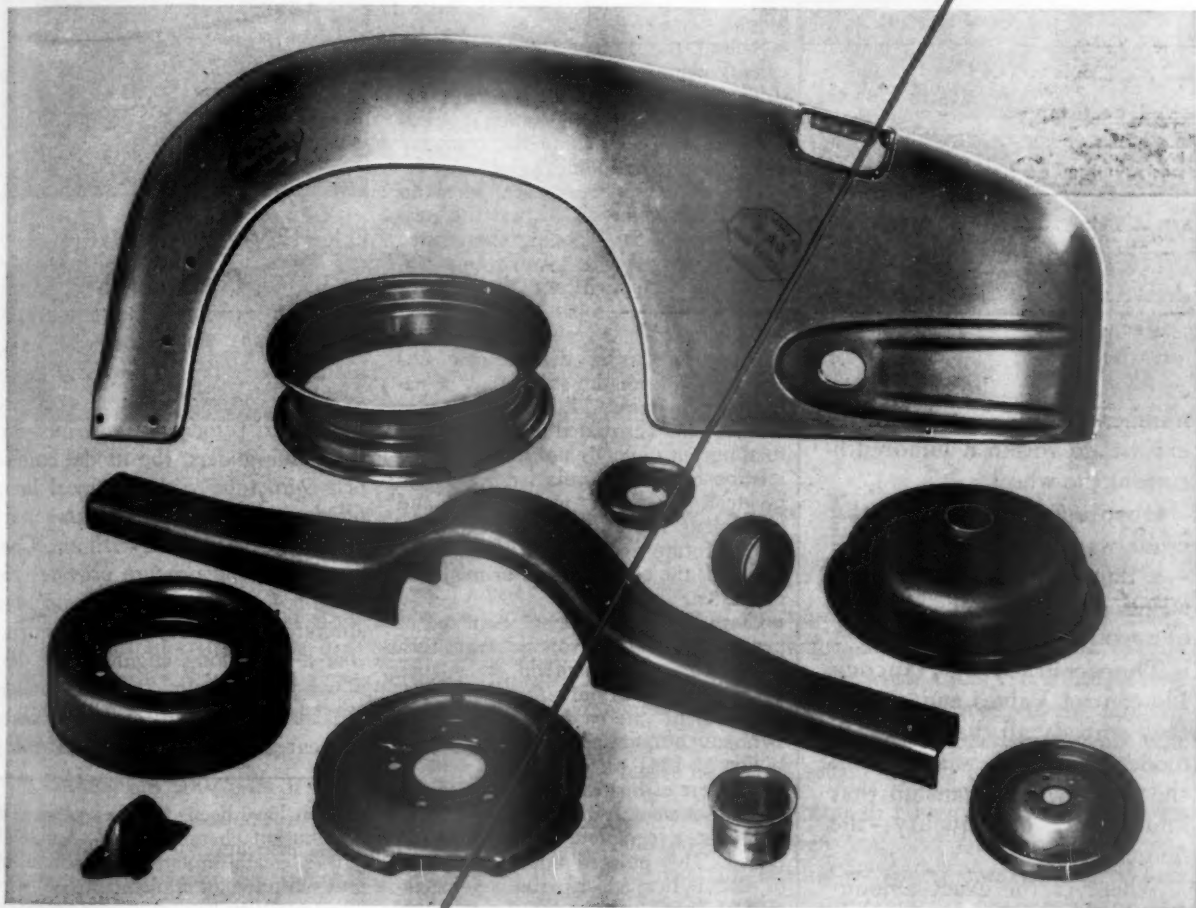


MASS PRODUCTION BUILDS A BRIDGE

Now nearing completion, a concrete highway bridge across the Mattaponi River at West Point, Va., was put together on a production line basis. The 33-deck spans were cast on land in 110-ton, 40-ft. long sections, loaded by a gantry crane onto a barge and floated into position (above). Water was pumped into the barge to lower the sections onto the piers. Virginia State Highway Dept. engineers claim the procedure saved time, labor, and money.

WHEN WE SAY EXCEPTIONAL FORMABILITY...

here's what we mean!



These are not an artist's conception of shapes that can be fabricated with a high-strength steel. They are actual parts produced with *N-A-X High-Tensile* by manufacturers who have learned that *great strength and exceptional formability* are available in one great steel. ¶ If you have a problem that involves the fabrication of high-strength steel—if you have a product that could command the market if it were stronger, longer-lasting or lighter—consult Great Lakes Steel Corporation.



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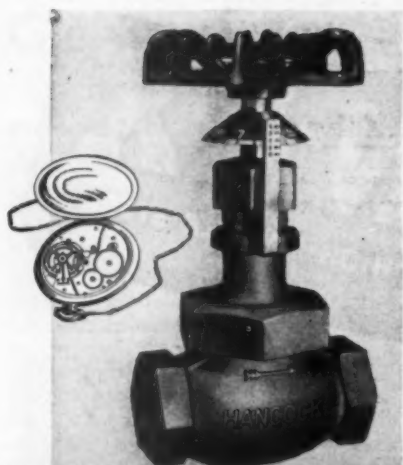
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Why compare a Hancock Flo-control Valve to something as delicate as a watch regulator?

Because this valve can be set exactly for any desired amount of flow and can be re-set any number of times to a point of exactitude within a hundredth turn of the wheel.

Obsolete forever are the crude ways of working a valve—a dab of paint, a piece of string, or the dubious memory of a workman.

The accuracy of Hancock Flo-control Valves endures for they embody all that is best in modern design, new alloys and the kind of workmanship that knows only one quality—the finest.

Wherever the exact amount of flow in any line is of importance, specify Hancock Flo-control Valves and be positive that precise regulation is an incredibly simple procedure which will last indefinitely.

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partly to increase over-all company efficiency, G.E. has completely revamped its departmental system of operation. Formerly there were four departments: apparatus, lamp, electronics, and appliance and merchandise. Now two former divisions of the last-named department have been given departmental status—chemical and air conditioning. The apparatus department, long the backbone of the firm's business, has been divorced from its close relationship with the over-all administrative setup, and given a measure of autonomy comparable with that of the other departments.

• **Behind the Program**—Five years of careful planning, based on long-range studies of national income and on G.E.'s calculated share of the nation's peacetime business, lie behind the company program now unfolding.

One of Wilson's early acts when he became president of G.E. was the creation of a Special Planning Committee whose duty it was to map out future company activities. (This committee was initiated some months before Pearl Harbor.)

From the outset the problem was approached from the standpoint of national economics. G.E.'s production in various years was related to the country's total output of goods and services; these relationships were broken down to individual classes of merchandise and equipment. From this it was possible to project future trends in the various lines in which the company was or might be interested.

• **Close Estimates**—Present estimates of peacetime business volume that G.E. must achieve to maintain its relative position and contribute its share to "full employment" are based on a peacetime national output approximating \$135 billion at 1941 price levels.

As these estimates were broken down by departments, divisions, and even products, a complete picture was obtained. This pointed up the problems of the individual departments—expansion of facilities here, creation of more jobs (possibly through new products) there.

Ultimately, all such calculations were checked against department heads' forecasts of business prospects in their respective lines. Variations, remarkably enough, were rarely more than 10%, with department chiefs naturally the more optimistic.

One other major policy decision came out of this study—to increase emphasis on the sale of consumer goods. Preparing accordingly, G.E. expects to push old and new appliances, gadgets, and consumers' products.

• **Merchandising Is Emphasized**—Three significant marketing moves in this con-



FLIGHT WITH A MATCH

At Brooklyn (N. Y.) Polytechnic Institute, Zygmunt Fonberg, Polish rocket expert, lights the taper of his model ram jet motor—which he describes as the world's simplest engine. Developed principally as a means of launching gliders, the model consists of a 9-in. tube with a conical lining filled with gasoline which flows into a nozzle where it mixes with air. Combustion of the mixture provides propulsion force. Fonberg, president of Aircraft Jet & Rocket Corp., contends that a 40-in.-long engine could drive a two-place glider, that the present unit needs little research and development to make it a practical reality.

section have been: (1) expansion of its distribution channels (BW—Apr. 28'45, p106); establishment of a nationwide uniform price for appliances (BW—Oct. 20'45, p84); and an announced policy of applying prewar prices to goods, wherever it is found to be possible (BW—Sep. 8'45, p5).

Spearheading its sales drive is its "More Power to America" promotion, through which it intends to help utilities show their customers—laundries, farmers, electrical contractors, machinery manufacturers, for example—where they can use more electric power to advantage. For G.E. believes that if electric power demand is increased, its sales of electric equipment, from the steam turbines to generate that added power to the household appliances and power tools which utilize it, will climb accordingly.



Reconversion... and Your Insurance

Reconversion throws the spotlight once more on this perennial truth: Your business and your business insurance requirements are constantly changing and call for the continuing service of alert and competent insurance brokers.

During our 100 years of service to commerce and industry we have seen four post-war reconversions. Because the present one is the largest and most complicated from an insurance standpoint, we offer this advice: Do not overlook the urgency of adapting your insurance to your activities! Proper insurance is vital in projecting your operating plans into the future.

Whether your insurance program needs revision because of changes in factory routine, introduction of new processes, shifting of employees or for any other reason, the facilities of Johnson & Higgins are at your disposal. Our rating and fire prevention engineers will assist you to minimize your fire insurance cost. Our loss control services will assure you of maintaining the lowest possible premium

cost level for compensation and public liability risks. Our contract analysts and account executives will constantly work with you in adjusting your insurance contracts to meet ever-changing conditions. Our experienced loss departments will assist in the collection of your claims.

In short, Johnson & Higgins will act as intermediaries between you and the insurance companies, functioning as your insurance buyers and advisers, representing you at every step of the way—all at no additional cost and with "no axe to grind, but yours."

JOHNSON & HIGGINS

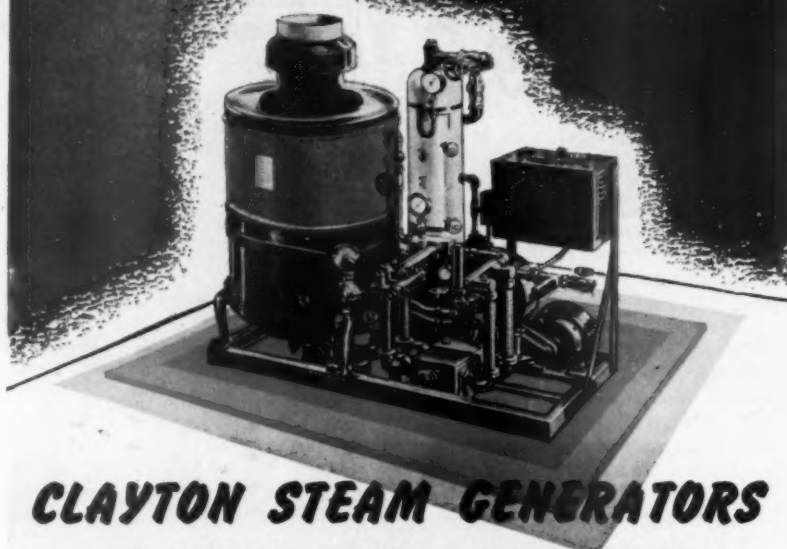
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SINCE 1845—BUYERS OF INSURANCE FOR COMMERCE AND INDUSTRY

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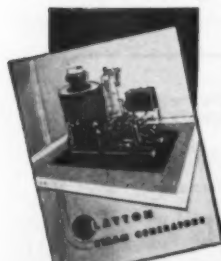
CLAYTON STEAM GENERATORS PRODUCE STEAM AS NEEDED

Most every industry needs some steam all the time, but generally the requirement for full capacity is intermittent or for only a few hours each day.

Clayton Steam Generators are fully automatic. They produce steam as you need it. Even from a cold start, full working pressure is reached in less than five minutes... after the start they instantly adjust themselves to any required load between minimum and maximum capacity. When no steam is needed the generator "floats" on the line without waste. Irrespective of the load, they are 75% to 80% overall efficient.

Beyond economy, Clayton Steam Generators offer many advantages that set new standards for producing steam. They require one-fourth the space and weigh half as much as the average conventional boiler of like capacity; they come to you complete, ready to hook up and operate... no setting, bricking, or additional equipment is necessary. Operation does not require a licensed engineer (unless contrary to local ordinances).

Available in six sizes, 10 to 100 H.P., oil or gas fired. All Clayton Steam Generators are constructed in accordance with ASME code for 150 pounds maximum working pressure.



Clayton Steam Generators are particularly adapted to use in dairies, canneries, laundries, food dehydration, plastic and rubber processing, vulcanizing, plating, cooking, cleaning, sterilizing, distilling and all types of steam processing.

If you are contemplating replacing, or adding to, your present boiler equipment we should like to tell you more about "getting ALL the steam you pay for"! We will gladly send our new catalog containing complete information.

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Transit Crusade

Antitrust suit filed against Southern Pacific Co., Standard Oil, and bus concerns, charges Pacific Coast monopoly.

A civil complaint filed on the Pacific Coast last week probably was the opening gun in the crusade the Antitrust Division of the Dept. of Justice has been considering against so-called "closed-door agreements" by which competition in transportation allegedly is held in check. Relationships between rail and bus lines over a wide area are under scrutiny.

• **Eight Firms Named**—In U. S. District Court at San Francisco, the division laid a monopoly charge against Southern Pacific Co., Pacific Greyhound Lines, Standard Oil of California, Greyhound Corp., Dollar (bus) Lines, Interstate Transit Lines, Union Pacific Stages, Inc., and Interstate Transit Lines, Inc.

The firms, which withheld comment pending study of the complaint, were accused of fostering a monopoly of transportation between San Francisco and Portland, Ore., and on the coastal route between San Francisco and Los Angeles.

• **ICC Gave Warning**—Earlier this year the Interstate Commerce Commission warned Pacific Greyhound that antitrust action would be taken unless the company relinquished its 40% interest in Dollar Lines, a Portland bus company. The complaint last week asked the court to order Pacific Greyhound and Standard of California (which owns the other 60%) to sell to an independent operator.

It was alleged that Standard Oil gives Pacific Greyhound free rein in operating Dollar Lines in exchange for an average of \$750,000 a year in gasoline and oil purchases, and that Pacific Greyhound permits poor service on Dollar Lines as a protection to its own business.

Southern Pacific's 39% ownership of Pacific Greyhound was attacked, and the trust busters urged a divestiture order with the additional provision that the rail carrier be forever enjoined from stock interest in the coach line.

The Interstate Transit firms and Union Pacific Stages, Inc., were accused of maintaining exclusive passenger interchanges with Pacific Greyhound.

• **Competition Sanctioned**—First rumblings of the antitrust suit were heard more than five years ago when the ICC, frankly motivated by a desire to relax the grip of Pacific Greyhound,

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FLUORESCENT STARTER

For 15- and 20-watt Lamps

A newcomer to the G-E line of Watch Dog Starters! — the FS-20 for 15- and 20-watt fluorescent lamps. Its advent completes the Watch Dog series. Users of fluorescent lighting may now enjoy the benefits of Watch Dog starting for all conventional lamps, from 15-watts through 100-watts inclusive.

As with the popular Watch Dogs serving 30-, 40-, and 100-watt lamps, the new FS-20 features precision starting, elimination of dead lamp blinking and simplified maintenance.

These features mean efficient, economical fluorescent lighting and reduced upkeep — important reasons why Watch Dogs are being more extensively used in commercial and industrial fluorescent lighting systems.

Write for our free bulletin. It tells how to use fluorescent accessories for best lighting results. Send your request to Section G1152-102, Appliance and Merchandise Department, General Electric Company, Bridgeport, Connecticut.

GENERAL ELECTRIC

Interstate Transit Lines, and their rail affiliates on western transportation, granted operating privileges between Los Angeles and Denver to Santa Fe Trail Stages (BW—Mar. 9 '40, p24).

Previously the Santa Fe R.R. had twisted Southern Pacific's tail by establishing train-bus service between San Francisco and Los Angeles and forcing a reduction in fares on this lucrative haul once enjoyed exclusively by S.P. (BW—Jul. 23 '38, p27).

Aids for Business

Wallace plans correction of defects in Dept. of Commerce information services and will add projects in several fields.

Although the Dept. of Commerce in recent years has been pushing programs designed to aid management, its material has been limited and considered by many to lack value for wholesale and retail fields, the service trades, and manufacturing. The department's information service, including its statistical output, has not been effectively packaged and distributed for maximum usefulness to business.

To correct, strengthen, and expand these services, Secretary of Commerce Henry A. Wallace, in his plans for reorganization of the department (BW—Nov. 3 '45, p24), would revitalize present bureaus, and add a couple for good measure—one for small business, another for scientific and technical research and aid.

• **Jobs for Bureaus**—To all bureaus would fall specific parts of these major tasks:

- (1) Preparation of a continuing basic market analysis to meet the needs of management.
- (2) Making extensive market measurements to guide manufacturers and distributors in establishing sales potentials and trading areas.
- (3) Opposition by the Bureau of Domestic Commerce, in cooperation with management and business groups, to existing and proposed state barriers that impede the free flow of goods across state lines. The bureau also would study state and local licensing and other regulations that affect distribution or cloak monopoly practices.
- (4) Analysis of business failures through clinical studies.
- (5) Study distribution costs, with a view to determining the role of distribution in the national economy, and whether distribution costs can be reduced.
- (6) Preparation of industry and busi-



NOW FOR CIVILIAN SKIES

To private flyers, Beech Aircraft Corp. of Wichita, Kan., offers a new line of controllable-pitch propellers, similar to those it made for Army planes. To hit the market next month, the blades can be pitched by electrical or manual crank controls to take advantage of the wind on takeoffs or to act as brakes on landing. Beech reports that the props will step up climb and takeoff power for 65-hp. planes from 15% to 26%. Models for larger craft—above 225 hp.—are still in the experimental stage. Prices range from \$294 for the smallest manually operated unit to \$588—with an extra \$266 for the electric control attachment.

ness directories, listing establishments for various and particular industrial marketing purposes. (This would require a change in the disclosure provisions of the census law.)

(7) Conduct a wide variety of studies on business policy, with the aim of giving businessmen material upon which to base decisions.

(8) Survey business operations to determine comparative performance and the most effective and profitable methods. These studies would be supplemented with field studies of results achieved in actual operations, and would cover, among others, purchasing policies, stock controls, accounting practices, credits, and collections.

(9) Preparation for newcomers of handbooks on particular lines of business, covering opportunities in particular

lines, investment required, selection of lines, location, sales techniques and display ideas, competitive considerations, causes of failure, etc.

(10) Assistance to businesses in technological development. Wallace has already opened a new bureau—Office of Declassification & Scientific Development—for this purpose. Declassification relates to enemy technical developments which are being translated by the Army and which will be made available to American businessmen. This bureau will also assist business in technical and engineering problems and will maintain close liaison with research laboratories and scientific units of U. S. universities. It will promote and stimulate inventive genius and promote greater utilization of inventions.

(11) Promotion of foreign commerce on a scale designed to put the U. S. in the forefront of world trade (BW—Nov. 3'45, p24).

• **Decentralization**—Wallace plans to establish Dept. of Commerce field offices in every business community and industrial area in the country to assist in carrying out his program, and to act as points of contact and dissemination of information.

Another important part of Wallace's plan is the proposed overhauling of the department's Business Advisory Council. Heretofore the council, often referred to as the "Blue Book of Business," has not been a dynamic influence on either department policies and operations or upon U. S. business. Its advice and counsel have been sought only in a superficial sense and its chief role has been window dressing for the department.

Wallace plans to broaden the base of the council by making it more representative of American business. It will be broken down into industry committees such as those that functioned so effectively during the war with the Office of Price Administration and the former War Production Board.

• **Meeting Ground**—By this blueprint, Wallace intends to give effect to his desire to make the Dept. of Commerce the agency through which government and business can exchange ideas. The program calls for aiding, advising, and serving business in such a way as to minimize business fluctuations, increase productive effort and thus give gainful employment to the maximum number in the nation's labor force.

Businessmen who have had a preview of Wallace's plan for reorganization see in it his intention to invite suggestions of business on government policy and his willingness to assume leadership in the establishment of business policies that will contribute to the national objective of expanding production.



Rollers Roll—

AND MACHINE TOOLS SPEED UP PRODUCTION

Your car—your food mixer—your vacuum cleaner—all are duplicates of thousands of other similar products.

This production process starts with the machine-tool maker. His highly specialized skill develops the tools capable of forming part after part of identical dimensions.

Not only the machines that make the tools but the machines these tools make are more accurate—more lasting—more serviceable when equipped with Hyatt Roller Bearings.

In industry, agriculture and transportation actually millions of rollers roll in the Hyatt Roller Bearings that are minimizing friction—keeping shafts aligned and gears, shafts and wheels turning smoothly. Hyatt Roller Bearings Division, General Motors Corporation, Harrison, N. J.

Back up the Victory—Buy Victory Bonds

HYATT ROLLER BEARINGS

PRODUCTION

From Ships to Locomotives

Ingalls Shipbuilding Corp. converts part of Pascagoula yards to production of diesel electrics. First of nine, all welded, sold to Alton R.R. Luxury ship orders bring company backlog to \$100 million.

The war's end has brought no cessation of industrial activity to the once quiet little fishing village of Pascagoula, Miss., where the Ingalls Shipbuilding Corp. has accomplished the conversion of part of its sprawling plant to the production of diesel electric locomotives.

• **Fast Conversion**—The first of nine 1,500-hp. locomotives, built to a composite of recommendations by railroad men, is almost ready for delivery. Robert I. Ingalls, board chairman, is depending upon the deterioration of railroad equipment in the United States as well as the war-borne destruction abroad to provide a flow of orders that will make his company a substantial factor in the field.

The partial conversion from all-welded ships to locomotives was fast, easy, and without confusion, employing as it did the same craftsmen, the same tools and equipment.

• **All-Purpose Unit**—The first unit, all-welded, was built in conjunction with the National Supply Co., builders of diesel engines, Westinghouse Electric Corp., and General Electric Co. It has been sold to the Alton R.R., scheduled to be merged with the Gulf, Mobile & Ohio. Executives of other lines have expressed keen interest.

Ingalls describes the unit as an all-purpose model for switching, transfer, or road service. It may be operated in two, three, or four units for heavy freight duty.

Upon its completion about Jan. 1, the company plans to send its initial model on an extensive tour of railroad centers, particularly in the South, where the development of a locomotive industry in the region is of prime business interest.

• **What the Records Show**—The accelerating importance of diesels since their introduction to U. S. railroading in 1924 is shown by two indexes: Of 42,000 locomotives on American roads, nearly 2,400 are diesels. Further, on Jan. 1, 1945, orders on builders' books for line-haul diesels were twice as numerous as for line-haul steam locomotives; for switchers the score was 205 diesels to none for steam.

Most widely known in the diesel electric locomotive field are American Locomotive, Baldwin, Electro-Motive Division of General Motors, and Fairbanks-Morse (BW—Mar. 31 '45, p. 52).

• **May Move Inland**—Ingalls' plan is to get diesel electric locomotive construction under way as a going venture at Pascagoula, then to move that activity inland, perhaps to Birmingham, perhaps to Decatur, where the company has a shipbuilding yard.

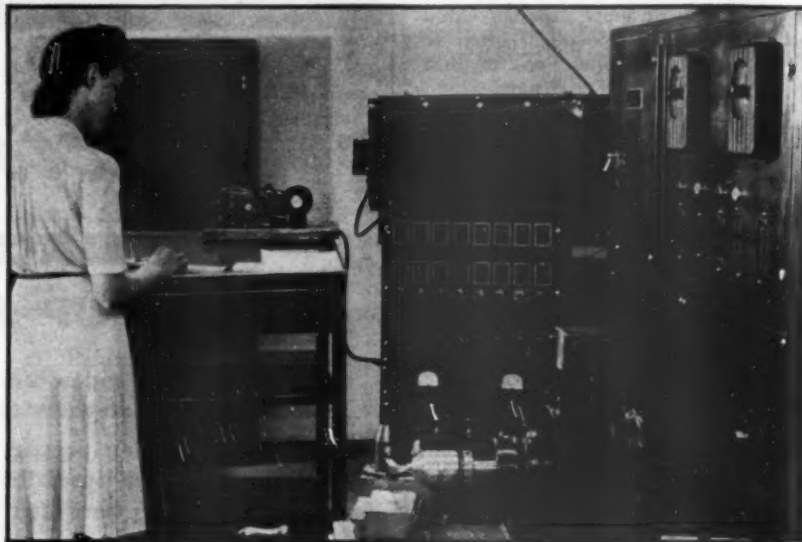
The initial model is 58 ft. 8 in. long. It has a loaded weight of 256,000 lb. and a starting tractive effort of 76,800 lb. Maximum speed, on a basis of an 18/73 gear ratio, is 75 m.p.h. It carries 1,200 gal. of fuel oil.

Additional units are in the formative stage. They include a 1,200-hp. switcher, another switcher of the same horsepower but of special body design, and two passenger units, of 2,400 and 3,200 hp., each adaptable to multiple use.

• **Shipbuilding Continues**—While the production of locomotives has intensified activity at Pascagoula, the company's \$100,000,000 backlog includes orders for luxury ships for the South American trade and diverse small craft. At the peak of its wartime activity, Ingalls employed about 10,000 workers. The present payroll is about 8,000, and labor markets are being scoured for additional 1,500 to 2,000.

The Decatur yard will start building next year a standardized 90-ft., all-welded steel yacht, complete with furniture, rugs, draperies, kitchen equipment—only the galley to stock before cruising.

R. I. Ingalls, Jr., company vice-president, estimated the cost of this craft at "something like \$1,100 to \$1,200 a foot." Numerous inquiries indicate an active demand for luxury craft, he said. The company is currently designing a special model for a Detroit motor magnate.



ANOTHER JOB FOR ELECTRONICS—ALLOY ANALYSIS

To analyze metal alloys in a matter of seconds, a direct-reading spectrometer has been developed by Dow Chemical Co., and has been used in its magnesium alloying plant at Midland, Mich., for six months. Unlike conventional spectographs, which photograph spectrums of sparks generated by metal samples, the new unit measures spectrums electronically, records the concentration of alloyed metals in chart form within 40 seconds—a fraction of the time required by spectrophotographic methods, Dow asserts. The company reports that green operators can learn to use the device within a day, that it eliminates photographic errors, bulky and expensive equipment. An instrument concern will put Dow's device on the market at the rate of about 100 a year.

MONUMENT TO A LOST KINGDOM

*that knew
no Steel*



FOUR hundred years ago, an enemy invaded the North American continent. A little band of Spaniards, encased in steel armor and equipped with steel weapons, quickly overran the country now called Mexico, slaughtered thousands of defenseless Aztecs, and enslaved the Kingdom of Montezuma.

Although the soil was impregnated with iron and large masses of it were scattered over the surface of the tableland, the natives did not know how to smelt the ore or work the metal. Today, the descendants of these vanquished Americans, still ignorant of steel, wander amidst jungle-choked ruins of cities without even a racial memory of their people's former greatness. Well may we term this vast, strange pyramid, recently excavated at Chichen Itza, a 'Monument to a Lost Kingdom'.

Twice in our time, would-be invaders have failed to conquer

America. Italy, Germany, and Japan have lost. So once again it is proved conclusively that to win a war a nation must have or achieve superiority in the use of steel.

Steel can prevent wars as well as win them. In self protection, America must maintain her pre-eminence in steel, must employ it for permanent peace. To that end, Youngstown, who produces a large percentage of America's steel, is ready to supply it...in wanted forms and formulae...to industry, to build new and improved products, thus to provide jobs, eliminate want and disease, insecurity and fear, and so advance peace and well-being throughout the world.



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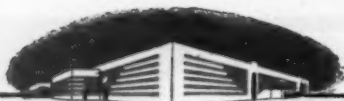
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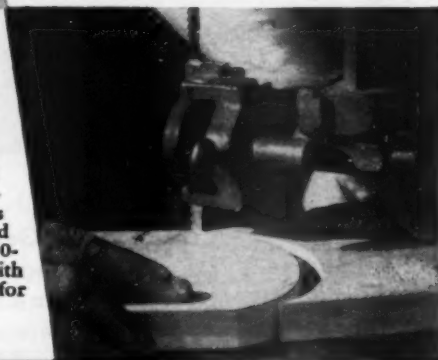
◀ "Red Center" Circular Saws

Simonds Solid-Tooth and Inserted-Tooth Saws are poured from special-purpose saw steels developed in Simonds own steel mills. Then, plate by plate and point by point, they are made by *Simonds sawmakers to give you smoother cutting, longer life, and longer runs between filings, than any other saws you ever used.

*SIMONDS (rhymes with diamonds) is the name of the most experienced U. S. firm of sawmakers.

Narrow Band Saws ▶

Made of special Simonds steel, specially toughened to resist breakage. Gullet cracks are absent because the gullets are large and rounded to distribute all strains. Teeth are filed sharp, burr-clean, with ample set on the points for smoother cutting. Supplied welded, cut to length, or in 250-foot coils. Teeth are easy to file with Simonds "Red Tang" Special Files for Narrow Band Saws.



◀ "Red Back" Machine Knives

All types of knives for all types of machines in wood-working, pulp, paper plants; also for cutting leather, rags, tobacco, and what have you?

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PRODUCTION TOOLS FOR CUTTING METAL, WOOD, PAPER, PLASTICS

Planes of Glass?

Lightweight material has been tested in fuselage, but its use for wings is a question for further research to answer.

In the endless search by aeronautical engineers for stronger and lighter materials for aircraft construction, glass has been found to possess attractive properties. Some time ago an airplane with a laminated glass fuselage was built and test flown at Wright Field. The next and more difficult step is to develop a satisfactory wing structure of the same material to provide an all-glass airplane.

• **Saving in Weight**—The research and development program of the Air Technical Services Command is directed by two young engineers, Capt. George B. Rheinfrank, Jr., and Capt. Wayne A. Norman. In collaboration with research engineers of the Plaskon Division, Libby-Owens-Ford Glass Co., Wright Field technicians have built a number of aircraft parts for static testing. A considerable saving in weight has been demonstrated. Load, impact, and firing tests have proved satisfactory.

The principal guinea pig for the tests was the fuselage of the Consolidated-Vultee B-15. The material, composed of two outer skins with a central core, is known as Plaskon 911 resin glass cloth laminate. Only metal parts are the fittings for tail wheel and stabilizer and attachments of fittings to the forward section of the fuselage which carries engine and wings. The fittings are riveted to the glass laminate structure.

• **Honeycomb Core**—Earlier laminates were made with wooden cores, and plywood bulkheads were used for attachment of fittings. This material has several disadvantages, including variability in weight and lack of decay resistance. Later various synthetic materials, such as cellular hard rubber, cellular cellulose acetate, and foamed thermosetting resin compositions, were considered for the core of the laminate.

Experiments and research at the Plaskon laboratories led to the development of a honeycomb core of the same material as the skins, thus eliminating all types of foreign material from the laminate and simplifying production. The test fuselage was fabricated in two halves and assembled. Other components of the structure were prefabricated of the same material and incorporated into the structure in one operation.

• **Variety of Problems**—Aircraft manufacturers are watching this work closely, and some of them are conducting separate experiments of their own. Consoli-

PLAIN TALK ABOUT PLASTICS

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Vuepak* steps-up sales, cuts down selling time and expense. In Vuepak your product gets maximum display of all its principal selling appeals... color, beauty, freshness, design. Best of all, it protects and preserves those appeals.

The cost? Hundreds of alert merchandisers in more than 20 different fields were proving before the war that Vuepak paid for itself over and over in (1) accelerated turnover, (2) better dealer co-operation, (3) richer buyer satisfaction.

Now Vuepak is coming back, war-improved, and with new, faster, cheaper fabricating methods to still further recommend it. Better think now, as you enter this new era of sales competition, whether your product wouldn't look better and sell faster if you put it in Vuepak.

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Vuepak is cellulose acetate... clear, rigid, tough. Available in six thicknesses 0.005" up to 0.020"... in sheets 30" wide and in continuous rolls. Vuepak is unaffected by sunlight. Can be drawn, shaped, formed, folded, stapled, embossed, printed, cemented, or combined with other materials.

For complete details on Vuepak, write, wire or phone: MONSANTO CHEMICAL COMPANY, Plastics Division, Springfield 2, Massachusetts.

*Reg. U. S. Pat. Off.



lift 1,170 cu. ft. of water per sec. At the more usual lift of 270 feet (about 60% of the time) each pump will deliver 1,600 cu. ft. per sec.

• **65,000-hp. Motors**—The bureau plans to call for bids soon on the first four pumps, each of which will be run by a 65,000-hp. motor. Each pumping unit, with motor, will stand about 50 ft. high.

Two motors will be coupled to each of six 108,000-kw. generators. The pumping operation eventually will require about 1,500,000,000 kwh. annually of the dam's capacity.

Each pump will discharge into a tunnel, 12 ft. in diameter, concrete-lined for about two-thirds of its length of 1.7 miles, which will in turn discharge into the Grand Coulee (the ancient, abandoned river-bed of the Columbia).

• **Scale Models**—The bureau will require each contractor to build scale models to prove the efficiency of his design.

Impellers, which actually move the water, will be 15 ft. in diameter, and the pump shafts will each be 38 in. in diameter.

Streptomycin Run

Demand for miracle drug far exceeds production. U. S. gives priority assistance to builders of additional facilities.

Widespread publicity has prompted a demand for the newest miracle drug, streptomycin, which the manufacturers are unable to meet. Production of the antibiotic is extremely limited. Only experimental quantities have been delivered, and all but a small part of the output still is going to the Army (BW—Aug. 25 '45, p69). Clinical tests have not progressed to the point where general use by physicians would be possible, even if supply were adequate.

• **Plants Expedited**—One consequence of the unsought publicity has been a stream of appeals to the Army Surgeon General's office for enough of the drug to treat cases in all parts of the country. All such appeals are referred to the drug branch of the Civilian

Piano Strung on Aluminum Instead of Iron

For 20 years the piano industry has toyed with the idea of reducing the weight of pianos by making the plate—the harp-shaped part on which strings are strung—of aluminum instead of cast iron. But the 18-ton tension exerted by taut strings caused existing alloys to "creep" just enough to let pegs turn and strings go flat. Last week Winter & Co. announced the first commercially produced piano with a plate of cast aluminum alloy (right), developed jointly with Aluminum Co. of America, which reportedly eliminates this difficulty.

Winter claims that its "Alumatone" plate not only cuts the weight of a typical spinet piano by 80 lb. (down to 295 lb.) but improves tonal brilliance. Significance to the industry (other firms are also interested) is in increasing the piano's salability by making it a flexible piece of furniture that can be shifted about the living room at will, and in reducing piano moving costs. It will also, however, speed the day when pianos are available, since one bottleneck is in the few foundries which produce cast-iron plates.

Significance to Alcoa is promotional rather than in sales volume; the piano industry's own rosy predic-



tion that pent-up demand will boost 1946 sales 50% above those of 1941 would mean a maximum potential use of only about 240,000 plates, and even in the heyday of player pianos (1909) total production was only 364,545 instruments (BW—Jun. 2 '45, p92). But the aluminum plate dramatically demonstrates a new use of aluminum alloy that may prove adaptable to other industries.

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Sly Dust Filter mounted over
Sly Blast Room in a foundry.

SLY
DUST CONTROL
... Removes
THE DUST HAZARD
... WIDELY USED
NOT EXPENSIVE

● The Sly Dust Filter (shown above) handles the dust created by a Sly Blast Room, grinder booths, and surface grinders.

It does a thorough filtering job—actually filtering all of the dust out of the air by passing it through a series of cloth bags ingeniously arranged in a compact space within the filter case.

Sly Dust Filters comply fully with the requirements of the laws any regulations of the various states. They help provide better working conditions—increase production. Thousands of successful installations. Sly Dust Control is not expensive.

★ Ask for Bulletin 98.

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SLY

INDUSTRIAL DUST CONTROL
TUMBLING MILLS • BLAST
CLEANING EQUIPMENT

Production Administration (formerly WPB), which is currently expediting construction of streptomycin plants with priorities assistance.

Eight projects already started have been given MM (military) ratings; new ones will get CC (civilian) ratings under a WPB directive issued Oct. 26. Firms with streptomycin facilities under way are: Merck & Co., Rahway, N. J.; Heyden Chemical Corp., New York City; Upjohn Co., Kalamazoo, Mich.; Commercial Solvents Corp., Terre Haute, Ind.; Charles Pfizer Co., New York City; Eli Lilly & Co., Indianapolis; Abbott Laboratories, North Chicago; and E. R. Squibb & Sons., New York City.

● **Clinical Tests Continue**—CPA answers pleas for streptomycin by referring them to the manufacturers. The makers retain a small part of their production for clinical studies, but this is not enough for even a small number of the "panic cases."

Eventually, some machinery must be established to channel the drug to patients, on the basis of need and the likelihood of effective treatment. This was done in the development period of penicillin by the National Research Council. N.R.C. assumed this responsibility with respect to penicillin as part of its service in war research, but feels

that the manufacturers of streptomycin should make their own arrangements for clinical testing.

The new drug is effective against the so-called gram-negative group of pathogenic organisms. The Army is using all it can get on a group of casualties with serious spinal injuries and bladder infections.

Hiller on His Own

Hiller-copter inventor's alliance with Kaiser is ended as latter shifts development job to Bristol (Pa.) aircraft plant.

The working relationship between Henry J. Kaiser and young Stanley Hiller, Jr., who built and flew the first successful coaxial helicopter (BW—Sep. 30'44,p66), has come to an end.

Kaiser Cargo, Inc., disclosed in Oakland, Calif., last week that future experimental and development work on the Hiller-copter will be conducted, without Hiller, at its Fleetwings aircraft plant in Bristol, Pa. Kaiser retains rights to the Hiller inventions.

● **New Company**—Simultaneously the 21-year-old Hiller announced establish-



MUFFLING THE BEAR CAT'S ROAR

Measuring decibels, sound engineers listen to a running Bear Cat tractor motor which they report is 80% quieter than other models tested. Its maker, Ellinwood Industries, contending that noise impairs not only the working efficiency of the farmer but that of his cows and chickens, too, has developed a muffler to fit both its old and new tractors. At 100 ft., the new Bear Cat's motor makes no more noise than the rustling of leaves, the company asserts.

GOVERNMENT SURPLUS MACHINE TOOLS and PRODUCTION EQUIPMENT

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- 3 Make your descriptions brief, one line if possible, clearly grouping various types of equipment you need.

The supply of surplus tools is sufficient to meet all of the needs of industry, and in the event that your local R.F.C. Regional Office cannot fill your specific requirements, it will endeavor to locate needed equipment from other offices throughout

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First step in creating jobs is getting machines in motion faster.

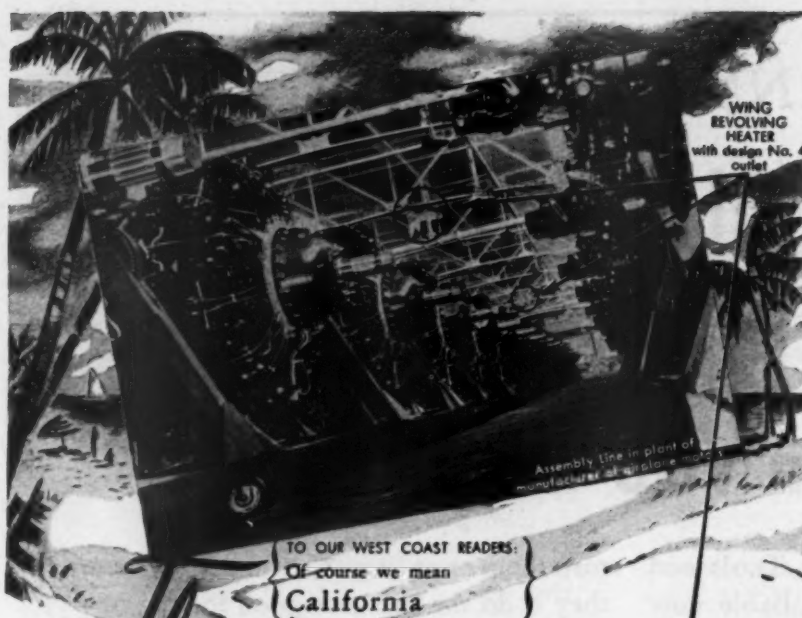
The 31 strategically located agencies below are ready to make your reconversion problems easier.



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Florida ON THE ASSEMBLY LINE WITH WING REVOLVING HEATERS

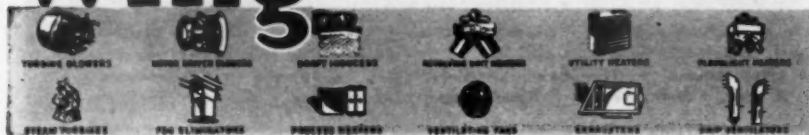
HOW about moving the assembly line to Florida or California next winter? Think any of the workers would object?

Well, the next best thing is installing Wing Revolving Heaters right now. For when winter weather starts chilling the air around your plant, your workers are going to feel mighty glad you installed the heaters with the revolving discharge outlets. Because the gentle air motion created by the constantly changing direction of these outlets brings a sensation of fresh, live, invigorating warmth to workers, a sensation of summer outdoors—perhaps not Florida or California, but something pretty close. This effect on the workers is a great aid to production, which applies all year 'round, for in summer, with the steam turned off and the fans on, these revolving discharge outlets provide a cooling effect that is equally effective in accelerating production.

Follow the example of many of the country's leading industrialists—install Wing REVOLVING Unit Heaters.

L. J. Wing Mfg. Co. 167 W. 14th St., New York 11, N. Y.
Factories in Newark, N. J. and Montreal, Canada

Wing REVOLVING UNIT HEATERS



The story of the Revolving Unit Heater is told in Bulletin HR-4. Write for a copy.

ment of a new company independent of the Kaiser interests, United Helicopters, Inc., to produce rotary-wing aircraft in Berkeley, Calif.

On the surface at least, the parting was harmonious. Kaiser asserted that Bristol is more suitable for the necessary development work than the small plant they shared in Berkeley. He mentioned the extensive engineering facilities at Fleetwings, explaining that until now war contract commitments had monopolized his engineering personnel there. Hiller chose to stay in California.

In addition, it seems likely that Hiller was impatient to get his ship into production because some of its features are unpatentable and might prove a temptation to rivals.

• **Retarding Factor**—In the Kaiser organization, development of the Hiller-copter reportedly was dependent on the earnings of Kaiser's No. 4 shipyard at Richmond, Calif., and the Fleetwings plant at Bristol. When contract cutbacks slowed these operations, work on the Hiller-copter was retarded.

Hiller plans to produce a two-passenger helicopter which can take off or land on the back lawn and be stored in a modified two-car garage. The ship would have a speed range from zero to 100 m.p.h.

COLD METAL ISSUE REVIVED

The Dept. of Justice has not given up its fight for cancellation of patents on cold rolling steel. It is preparing an appeal from the dismissal, by Federal Judge Shackelford Miller of Louisville, of the government's civil fraud suit against the Cold Metal Process Co. (BW—Aug. 18'45, p. 54). The government had charged that fraud was committed in obtaining patents licensed to many producers of strip steel. The district court found the charges not sustained by "clear, unequivocal, and convincing proof."

Although finding against the government, Judge Miller continued in force an impounding order which ties up all royalties accruing on the patents, about \$24,000,000 to date. Royalties on strip steel for war use have been ordered paid to the U. S. Treasury, by the Royalty Adjustment Board, under the royalty adjustment act of 1942, aimed at patent profits not reached by negotiation. In the case of the cold metal patents the board took the position that there was no basis for any royalties to the owners, on the ground that the patents were invalid. Over 90% of Cold Metal's royalties are charged against government production. Total collections under the royalty adjustment act are close to \$150,000,000.

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A PRODUCT OF *Hollingshead*
 LEADER IN MAINTENANCE CHEMICALS

NEW PRODUCTS

Pocket Standards

About a year and a half ago, the University Machine Co., 33 University Rd., Cambridge 38, Mass., announced one of its first sets of surface finish



standards consisting of 23 steel blocks representing the work of standard machining operations—turning, shaping, milling, grinding, polishing (BW—Jun. 17'44,p88). It provides a roughness range from 2-millionths of an inch to 500-millionths. With such a set, which is somewhat bulky, checking the surface of a machined part is a mere matter of drawing one's fingernail across it and then across the standard to detect differences of only a few millionths.

This month the company is ready with a new pocket-size set of University Surface Finish Standards consisting of 20 specimens covering approximately the same range of finishes as the former model. Each block is said to be machined from stainless steel, identified by unmistakable symbols, and mounted with the others in a sturdy, lightweight, die-cast, magnesium.

Sodium Hydride Descaler

Newest method for descaling alloy steels (including stainless), cobalt, copper, or nickel is the Sodium Hydride Process, developed by E. I. du Pont de Nemours & Co., Wilmington 98, Del. Metal parts are dipped in molten caustic soda, at 700 F., to which has been added 1.5% of sodium hydride. Scale, which becomes undercut by the chemical, is virtually blasted from the surface of the parent metal by steam generated when the hot metal goes into a subsequent water quench. There is said to be no loss of sound metal, no pitting, no hydrogen embrittlement.

Physical Shock Tester

Any probable shock loads that must be met and withstood by shipping packages, machine tools, aircraft radios, or other man-made products promise to be determined in advance by the G Meter, new product of Frederic G. Schottland, 82-62 Grenfell Ave., Kew Gardens, N. Y. The instrument has two parts: the compact G Meter itself (which can be packed right into a package for test by dropping) and an electronic indicating mechanism connected by a flexible cable. Magnitude of a given instantaneous shock is expressed in terms of deceleration, the gravitational constant, "G," being the unit of measure.

Splashproof Exposure Meter

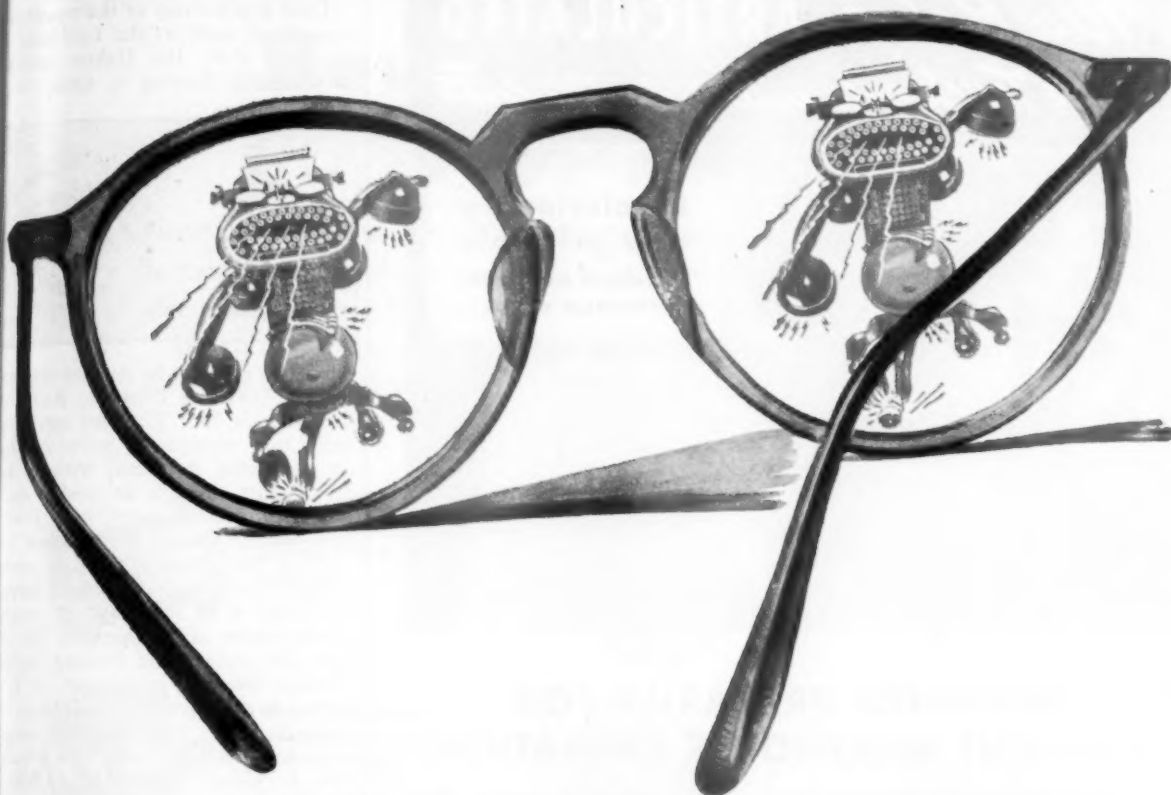
Back in 1943, the General Electric Co., Meter & Instrument Div., West Lynn, Mass., developed a new method of mounting the moving elements of electrical instruments on internal pivots



to reduce over-all size and weight (BW—Sep.25'43,p77). Now the company is adapting the internal pivot construction to its new GE Photographic Exposure Meter, thereby reducing weight by 22% and gaining resistance to physical shock.

In external appearance the meter remains about the same as the prewar model, but its case has been completely redesigned to render it proof against dust and moisture. The directional hood is now finished on the inside with a special nonreflecting finish for greater accuracy in light measurement. The zero set has been relocated on the instrument's front.

See what a Noise Demon looks like



See the ceiling that traps Noise Demons



It's Armstrong's Cushiontone

YOU'RE SURE to find noise demons in any office where the racket of clattering machines, jangling bells, and loud voices is unrestrained. These pests cause not only discomfort, but inefficiency. They hinder concentration, multiply errors.

That's why it pays to end noise demons with an economical ceil-

ing of Armstrong's Cushiontone*. The 484 deep holes in each 12" square of this fibrous material trap noise demons—absorb up to 75% of all noise striking the ceiling. In addition, Cushiontone is an ex-

cellent reflector of light, and it can be repainted without affecting its high acoustical efficiency.

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New Baker ARTICULATED Fork Truck cuts aisle requirements



DESIGNED PRIMARILY FOR EFFICIENT WAREHOUSE OPERATION

A basically new design* involving a new method of steering by "articulating" the frame, permits swinging the load to line it up in position without lining up the truck itself. Thus this truck requires about two feet less space for placing loads at right angles to aisles. It needs less clearance on turns, and speeds carloading or any other handling operation where loads must be lined up or positioned in congested areas.

Specific advantages of this truck are:

1. Works in narrower aisles.
2. Turns in a smaller radius.
3. Spots loads quicker and easier.
4. Control units are more accessible.
5. Simpler steering design cuts maintenance.
6. Permits mechanization of handling where hand trucks were necessary because of space limitations.

Field tests in both warehouse and production operation have proved the many advantages of this new truck. For complete specifications request Bulletin 1330.

*Licensed under Stevenson Patent No. 2,354,357.

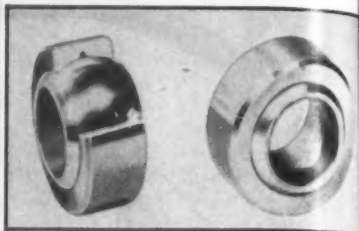


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Baker INDUSTRIAL TRUCKS

Spherical Bearing

Used in a number of the newer military planes, such as the Lockheed propelled P-80, the Halfco Spherical Self-Aligning Bearing is about to



offered to industry by its manufacturer Halfco, 5341 San Fernando Road W. Los Angeles 26. The unit consists of only two inseparable parts: a hard chrome-plated steel ball with a hole for a shaft through its center and a one-piece bronze outer race that is press-formed around the polished ball.

Since the spherical bearing surface is generous enough to project beyond the race, it is said that an angular misalignment of as much as 10 degrees does not reduce the bearing surface. Though the unit is compact, it is reported to withstand high loadings, the ultimate static load capacity ranging from 1,050 lb. for a unit with a ball of only 0.343-in. diameter to 93,000 lb. for the 1½-in. size.

THINGS TO COME

Brick and stone masons in years to come may be able to work for days and weeks on end without pausing every few hours or minutes to resharpen the tools of their trades. Chipping hammers, trimmers, and drills will all be tipped with cemented carbide, the super-hard manmade metal, after the manner of metal-cutting tools used in engine lathes, millers, and other machine tools. New combinations of tungsten, tantalum, and the other elements in the versatile material reveal high resistance to physical shock.

• Tomorrow's sleepers will be wakened to the workaday morning by the quick flashing of the bedside lamp. At any preset time, a forthcoming electric alarm clock will turn any light on and off repeatedly for ten minutes. If the sleeper persists in his slumbers for that length of time, an alarm bell will resound continuously until he reaches forth a hand and flips a button.

How to Cut the COST of PARTS

Here are just a few examples of the important cost-cutting jobs done in the production of precision parts by Acme-Gridley 4, 6 and 8-spindle Bar and Chucking Automatics.

If you have parts to produce and want precision work at costs that help you meet your competition, write us about it.



● 2 1/4" steel hub—15 operations—machine time 28 seconds—Bar Automatic.



● 10 1/2" Cast Iron Motor Bracket—14 Chucker operations—machine time under one minute.



● Differential Housing—18 Chucker operations—cost 70% under previous method.



● Cast Iron Motor Piston—15 tools first operation—14 tools second operation, on Chucker.



● Cast Iron Distributor Housing—42 operations on 2 Chuckers—costs far below previous record.



● Steel Bearing Race—turned from seamless tubing on bar automatic—machine time cut 90%.



● A 200,000 quantity production job from bar stock—machine time 6 seconds.



● Valve Stem—a high precision stainless steel job for bar automatic—machine time 18 seconds.

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FINANCE

(THE MARKETS—PAGE 118)

New Mergers, New Motives

Today's consolidations have postwar readjustment rather than monopoly as aim. Typical objectives: entering new fields, safeguarding volume, diversifying output, and gaining new markets.

Whenever business is good, corporations are likely to get the merger itch. With markets widening and with investable money piling up, businessmen automatically start thinking of expansion. One of the quickest ways to expand—and often the cheapest—is to buy up a going concern.

If the good times come after a period of sweeping changes in the techniques of production and distribution, the stage is set for a rush of corporate mergers and acquisitions. This is what happened in the ten years after the first World War when a rapid-fire succession of mergers contributed to the excitement of the big bull market. With some variations, it is what happened between 1898 and 1902 when the first great wave of trust-making hit the country.

• **Sniffing the Wind**—Remembering these experiences, Wall Street promoters and security traders are sniffing the wind for the scent of a new merger boom. Although there are no statistics to prove it, many of the old-timers think that 1945 will be the biggest year for mergers since the 1920's.

An incomplete tabulation by the Federal Trade Commission recorded 832 separate acquisitions by 430 corporations in the six-year period, 1939-1944. This year, reports of new combinations have been coming in faster and faster, and the rate showed a brisk pickup immediately after Japan surrendered. At present, a hundred or more mergers and acquisitions important enough to attract Wall Street's attention either are in the works or were completed within the last few weeks.

• **Difference Is Probable**—If a new merger movement really is getting under way, it probably will be very different from the two preceding waves.

Around the end of the nineteenth century, much of the motive power for the formation of trusts and other big

combines came from the lure of monopoly profits. Tied in with this was the development of transportation and production to the point where for many products the whole country became a single market. This new geography of marketing opened the way for huge combinations, such as U. S. Steel, United Shoe Machinery, International Harvester, Corn Products Refining.

In the 1920's, the merger movement

went hand in hand with the big bull market. Promoters were eager to float the securities of new combinations. Each merger or acquisition of one company by another was the signal for a speculative flurry.

• **Mergers—and Mergers**—There were plenty of mergers in this period that were based on sound business reasoning—for example, the amalgamation of the old Washburn-Crosby flour company with half a dozen small mills to form General Mills, Inc. There also were plenty of combinations of the sort that built the Van Sweringen brothers' wobbly railroad empire and the utility investor-traps of Howard Hopson and Samuel Insull.

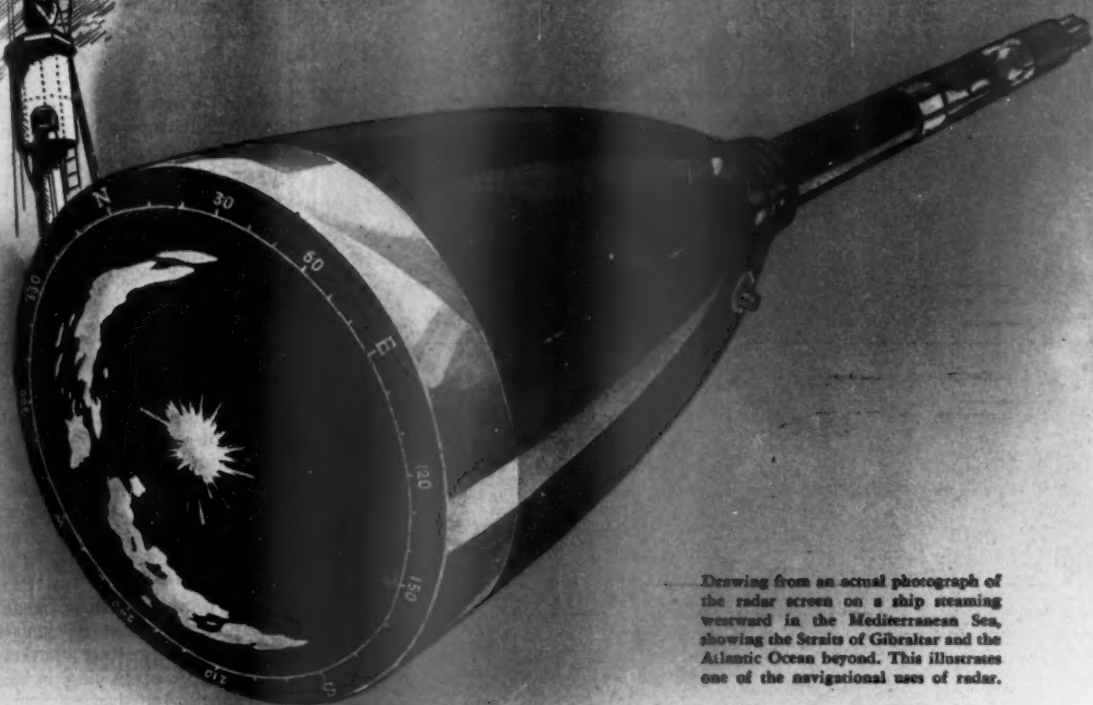
Most of the mergers that have taken place in the last year or so are not the kind that change the face of industry or turn the head of the stock market. In the great majority, there is no question of monopoly. The companies involved are typically middle-sized opera-



TO COPE WITH THE NATIONAL DEBT?

Having played a vital wartime role in solving mathematical problems involving gunnery range tables and the design of radar equipment, a 100-ton calculator at Massachusetts Institute of Technology is now being converted to the problems of peace. A well-kept secret until last week, the calculator, which contains about 2,000 electronic tubes, 150 motors, 200 miles of wire, and thousands of relays, has three times the capacity of previous mathematical automatons, can work on three complex problems simultaneously. It grinds out answers typewritten, in graph form, or a combination of both. During the war it was rumored to be a failure to discourage similar research by the enemy. Its backlog of problems include many from industry.

NEW EYES FOR THE LOOKOUT...



Drawing from an actual photograph of the radar screen on a ship steaming westward in the Mediterranean Sea, showing the Straits of Gibraltar and the Atlantic Ocean beyond. This illustrates one of the navigational uses of radar.

RADAR

by

RAYTHEON

COMPLETE SAFETY AT SEA... goal of centuries... comes closer today as Raytheon turns radar to peacetime applications.

Raytheon is the sole maker of the indispensable Model SG surface-search radar with which every combat ship of the U. S. Navy from destroyer class up is equipped. It has long been a leading designer and maker of vacuum tubes. For the past two years, its production of radar-type microwave tubes has equalled that of all others combined.

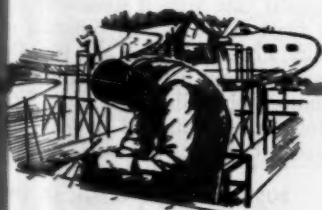
Using radar's "wave-echo" principle, Raytheon is planning a complete line of marine navigation equipment that will probe through darkness, fog and storms, revealing obstacles far beyond a lookout's range of vision. It will outline icebergs, other ships, and compute their distances. It will even guide ships into

harbors and to the entrances of locks.

Raytheon navigational radar will be the same precision equipment that Raytheon has had such long experience in building. It will equal in design and efficiency the world-famous radar units with which Raytheon equipped so many of our Navy's fighting ships from landing craft to battle wagons.



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WHEREVER SHAFTS MOVE, THERE'S A NATIONAL OIL SEAL TO RETAIN THE LUBRICANT



tors with no thought of dominating their fields—at least not at any time in the foreseeable future.

• **Facing New Era**—What most of the companies are trying to do is put themselves in shape to tackle the postwar problems of marketing and products that they see closing in on them. During the war most companies have done a volume of business beyond anything they had dreamed possible. Many have expanded and made commitments that can't be carried if they have to go back to prewar levels.

Now that the war is over, they must find a way to keep on doing a big volume—not necessarily so much as they did during the war, but much more than they had in mind when they originally laid out their organizations.

• **Shortcut**—A quick way to revamp an organization is to combine it with another company that has the features you want. This saves the expense of building a new line, or training a staff, or putting over a brand name, from scratch. It also saves time. The time angle is important now because many companies fear that if they don't get a toehold in postwar markets before the first rush of buying is spent, they never will find a place.

One of the commonest forms of merger just now involves the manufacturer or producer who wants to buy a ready-made sales organization or use the trade connections that another company has built up. During the war nobody had to worry about sales. Many companies which sold everything they could make to the government let their sales staffs fall to pieces. Others expanded production out of all proportion to the selling machinery they used before the war. Still others (gasoline, or electrical appliances, for instance) had to pass up business because of rationing or restrictions on output.

• **Scramble for Markets**—Now that the lid is off production and the race for postwar markets is beginning, there is a scramble to get selling lines out, to patch up old selling organizations and to acquire new ones.

The purchase of Parkway Oil Co. by the Texas Co. is a good example of how a merger fits into this picture. Parkway operates 33 service stations in the Philadelphia area and has a steady trade established. By taking over the Parkway stations, Texas gets off to a flying start in Philadelphia just as gas rationing comes off.

A similar case with a somewhat different twist is du Pont's purchase of Defender Photo Supply Co., Inc. Du Pont wants to cut itself a larger slice of the photographic film business, which has long been dominated by Eastman and Ansco. Defender is a small supplier

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Even if the change-over to peacetime conditions has not brought the headaches and confusion you feared, still you've undoubtedly found that some adjustment of personnel and procedure is necessary. If so, this may be an excellent time to give your office machinery a thorough check-up.

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**LET'S FINISH
THE JOB
WITH VICTORY
BONDS**

BW 11-10

SH-BUTTON BED

living room or railroad car, the cost Arnot sleeper provides—at press of a button—sleeping quarters for two, with bedding already in place. The lower berth forms the back of an attractive divan, the upper appears into the wall. It's made by Arnot & Co., Baltimore.

an old and established one with a name among dealers. By taking its organization, du Pont will strengthen its position immediately. Diversification—Side by side with the emphasis on selling goes the desire to diversify production. War orders, rule, were so big that they forced contractors to concentrate on a few products. As a result, many companies and themselves with all their eggs in one or two highly vulnerable baskets. Now they are trying to round out their lines and develop a better balanced catalog.

Aviation Corp., which controls the Consolidated Vultee Aircraft Corp., is one of the most notable examples of a company that is fanning out rapidly into new fields. Not long ago, it took over the Crosley Corp.'s radio and home appliance business, including division WLW, in Cincinnati (BW—Aug. 11 '45, p. 57). Recently, it bought control of New Idea, Inc., which manufactures farm machinery and implements.

Another example of diversification in making is the acquisition of Hoffman Gas & Electric Heater Co. by Clayton & Lambert Mfg. Co. Before the war, Clayton & Lambert specialized in steel stampings for automobile manufacturers. Now, it wants to get into the home appliance field.

Many Reasons for Mergers—Development of new processes and products during the war put extra steam into the

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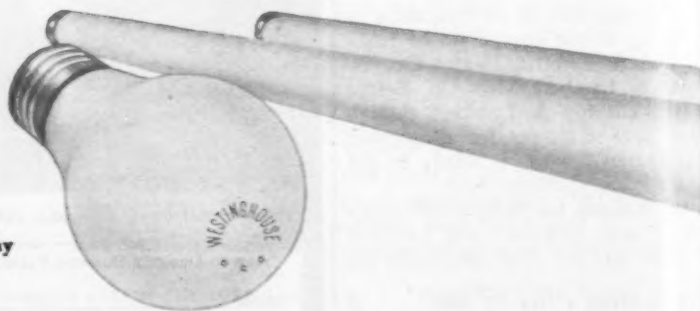
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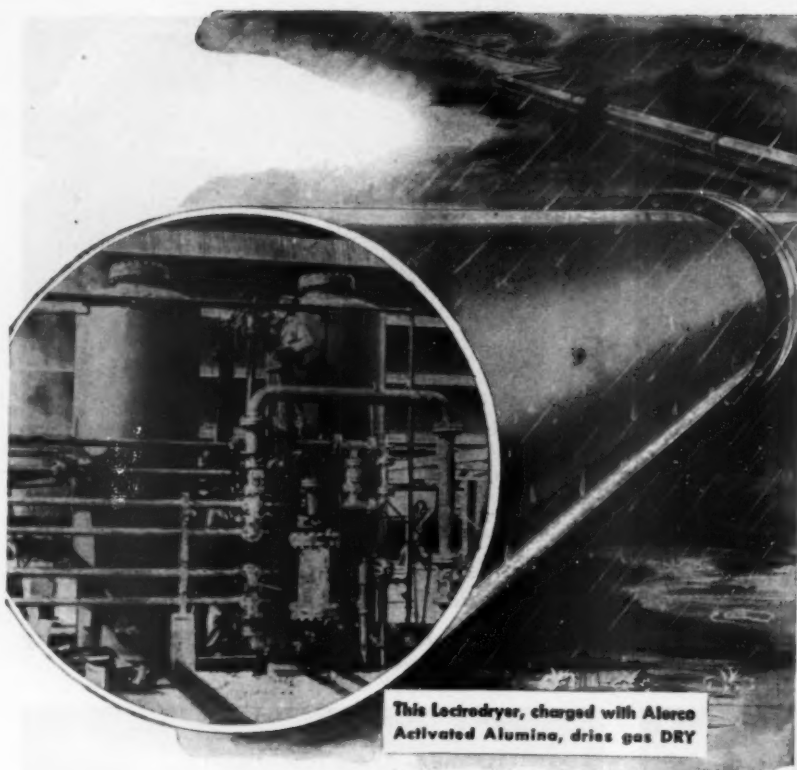
Westinghouse Lamps supply bright, sales-promoting illumination for stores: make buying easier, more pleasant.

Westinghouse Lamps



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ALUMINUM ORE COMPANY



Aluminas and Fluorides

diversification movement. This, in turn, has been reflected in some of the recent mergers. For example, the Pennsylvania Salt Mfg. Co. has just taken over some of the properties of the Elko Chemical Works, Inc., because it wanted facilities to manufacture DDT insecticides.

Factors such as the revival of salesmanship and the emphasis on diversification have had a lot to do with recent mergers, but they don't tell the whole story by a long way. In fact, any generalization about mergers is likely to err—just like a generalization about why people get married or why horses win races. Each business combination has to be explained in terms of its own peculiar background.

• **Explaining by Comparison**—When one company takes over another, it may be eliminating a troublesome competitor, acquiring a desired production line, and picking up some good business connections, all at the same time. Or it may simply be striking a deal with a man who has a good, salable business that he wants to sell for one reason or another. In any case, the buyer gets a package, and the only way to explain the deal is to compare what is in the package with what the buyer wants.

Promoters and security holders often are more concerned about the form that a particular combination takes than the reasons behind it. Strictly, a combination is called a merger if one company absorbs the other; it is called an amalgamation if a new company is formed to take over both the original units. Mergers may or may not involve an issue of new securities; amalgamations always do.

• **Matter of Convenience**—There also are cases where a holding company acquires control of two or more operating companies but does not merge them. This technique was especially popular during the 1920's. And there often are cases of acquisition without merger, where the parent company operates the firm it has purchased as a subsidiary without blotting out its corporate identity.

From a businessman's standpoint, the various forms of consolidation all come down to the same thing so long as the effect is to put the operations and policies of the two companies under the same control. The form that any particular combination takes usually is determined more by convenience than by anything else.

• **Four Major Groups**—The breakdown of mergers in terms of the nature of the companies being consolidated is more significant. Under this classification system, there are four major groups: vertical, horizontal, complementary, and chain. In addition, there is a large mis-

cellaneous class to take care of the various combinations that refuse to fit into any neat system of pigeonholes.

(1) Vertical mergers are combinations in which a company extends its operations up or down the chain of manufacture and distribution, taking over companies that supply its raw materials or companies that use its products. The result is an increasing degree of integration in the manufacturing process. The shining example of a vertical combination is U. S. Steel Corp., which controls a string of companies that take the steel-making operations all the way from mining the ore to fabricating the finished product.

Ambitious vertical mergers are comparatively rare today—largely because there are only a few industries that lend themselves to integration. It takes a big company to swing the vertical integration of an industry, and in most cases the profits don't justify the costs.

Several cases of vertical merger on a modest scale have developed lately as companies jockey for postwar positions. Beaunit Mills, Inc., a textile manufacturer, recently bought the Skenandoa Rayon Corp. from St. Regis Paper Co., which had regarded it more or less as a stepchild. Beaunit will take up all of Skenandoa's output itself.

Another recent example of vertical combination is Republic Steel's acquisition of Stevens Metal Products Co., a manufacturer of steel barrels and drums.

(2) Horizontal mergers involve companies selling the same product or closely competitive products. Historically, the horizontal merger is the oldest kind of all, and it still is the most common. Most of the trusts formed around the turn of the century were built by simple merger of companies producing the same goods.

Often the object in a horizontal combination is to eliminate troublesome competition. In other cases the companies simply are trying to expand operations without paying much attention to the competitive angle.

The list of recent mergers bristles with examples of horizontal combinations. General Petroleum Corp. (subsidiary of Socony-Vacuum) recently took over Gilmore Oil Co., a lusty California independent. Pacific Mills bought up the capital stock of Rhodhiss Cotton Mills, Inc. Standard Oil of Ohio has just acquired the old Canfield Oil Co., which has a well established but small business in parts of Ohio and Pennsylvania.

A special subdivision under horizontal mergers is the combination of transportation companies that connect with each other without competing. Most of the country's railroads started out as short intercity lines and then linked

Shooting People is their Vocation!



TAKING a composite picture of greater Portland is a big job in any man's language. Oregon Journal "photogs" Ralph Vincent, Les Ordeman and Al Monner have, and still are doing a bang-up flash job. They've looked candidly through precision lenses—not rose-colored glasses—at every nook and cranny in this city. Their films have caught Portland's pulse during times of disaster, festivity and war. The specialized savvy of these three gentlemen of the ground glass is the reason Portland families turn to The Journal for complete picture coverage.



RALPH VINCENT is the dean of The Journal photographers. He's covered every Oregon State and University of Oregon football game and Portland Rose Festival during the last twenty years. He's an ace action photographer, too, and some of his bucking horse pictures taken at Oregon's renowned Pendleton Roundup have won national recognition. Ralph has "shot" nine U. S. presidents, and thousands of other people—in the line of duty, of course! His camera scoops have taught readers to look for first pictures first in The Journal.



LES ORDEMAN is The Journal's picture-taker whose hobby is boats. On Portland's teeming waterfront he has a chance to combine business with pleasure. Even on his day off he takes his camera sailing on the water. His pictures of ships of war, ships of commerce, and pleasure craft have always "clicked" with Journal readers. Even landlubbers get a thrill from the sweep and scope of his seascapes, and especially when accompanied—as they frequently are—by one of his stories. For Les, as thousands of Journal readers know, is a bang-up reporter with a flair for whimsy.



AL MONNER is the photographer that Journal editors like to use for farm and animal assignments. Al's flare for photographing wild life and ranch scenes comes from spending his boyhood on Eastern Oregon ranches. His training for news photography plus an artistic feeling for composition make his pictures taken in Oregon's wide open spaces as well known to art critics as Journal readers themselves. Al's patience and careful technique pay off in his wild life and zoo pictures which are hits with both youngsters and oldsters. The animals sit up for Al and make Journal readers take notice.

Journal pictures are indeed a cross section of Oregon life. The Journal early pioneered good local news photography. Its present day crack camera men, modern news dark rooms, unsurpassed on the coast, plus world-wide wirephoto coverage help add up to the same old answer—The Journal is Portland's preferred newspaper, today as it has been for years. This is a good thing for you to remember when you select your advertising medium in this important Pacific Coast market. Incidentally, The Journal now offers advertisers the largest circulation, both daily and Sunday, in its history.

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solidations of companies making allied but not competitive products. A typical case is the acquisition of Rit Products Corp., manufacturer of household dyes, by Best Foods, Inc.

Complementary mergers didn't appear until some time after the first wave of horizontal mergers had passed, but since the 1920's they have been more and more important. Several of the big food processing companies (General Foods, Standard Brands, and others) were created by circular combinations. This followed from the fact that the food field offers many opportunities for marketing closely related but noncompetitive products (Jell-O and Minute Tapioca, for instance).

Most of the current crop of mergers that are intended to provide diversification are essentially complementary, although competing products may be included in the deal.

(4) Chain mergers involve acquisition of noncompeting units selling the same things. They are commonest in the retail field but also crop up frequently in manufacturing and wholesaling. Gamble Stores acquisition of Western Auto Supply (BW—Sep. 22'45, p92) falls in this class.

In the past year or so, several of the country's biggest retailers have begun adding new units across the country at a rate that hasn't been seen since the 1920's. R. H. Macy & Co. has just acquired O'Connor, Moffat & Co. (San Francisco) and is reported dickering for Carson Pirie Scott & Co. (Chicago). Spiegel, Inc., has acquired an interest in the Whitney department store in San Diego. The City Stores Co. has bought 48% of the stock in Oppenheim, Collins & Co. (New York).

• For Tax Purposes—During the war there was another type of merger, not covered by the theoretical classification. This was the tax exemption purchase. The excess-profits tax law allowed corporations a credit based on invested capital or on their prewar earnings record.

In some cases, companies that had become mere corporate shells found themselves with a high exemption. Several of these companies were snapped up by prosperous corporations which then allocated part of their income to the new subsidiary. A special amendment was tacked into the 1943 Revenue Act to stop this practice, but the Bureau of Internal Revenue never could be sure that it did (BW—Feb. 19'44, p28).

• Aircraft Mergers?—Not all mergers arise from the expectation of profit or the hope of expansion. When an industry falls onto bad times, there often are consolidations that originate from the unhappy conviction that there isn't

going to be room for everybody in the field. This is what is happening now in some of the war expanded industries that face a painful shrinkage.

Some such reasoning probably is behind the merger talks between Lockheed Aircraft Corp. and Curtiss-Wright. Several other aircraft manufacturers are likely to seek greater safety in consolidation before the industry gets through the shakeout period.

• **Trend in Industries**—In good times or bad, there always are at least two or three industries in which a powerful trend toward consolidation is under way. Dairy products is an example. So is the wholesale drug business. And in the liquor field, the big four—National Distillers, Schenley, Distillers Corp.-Seagrams, and Hiram Walker—have attained their dominance largely through a process of merger and acquisition.

By the same token, there always are certain companies that are pushing a more or less systematic merger policy. A. P. Giannini's Transamerica Corp. is constantly on the lookout for another bank to add to its collection. Companies such as American Home Products and Dresser Industries are steadily enlarging their strings of subsidiaries.

• **Through Holding Companies**—Aviation Corp., the top holding company in the string of properties controlled by Victor Emanuel, New York investment banker, has a long record of mergers behind it. Emanuel took over Aviation Corp. in 1937 when he bought up what was left of the estate of E. L. Cord, automobile manufacturer.

Through Aviation Corp., he acquired control of Vultee Aircraft Corp. as well as several other companies. Late in 1941, Vultee bought control of Consolidated, and a little over a year later, Emanuel put the two companies together to form the huge Consolidated-Vultee system (BW—Mar.20'43,p103).

• **Steel Combination**—Charles Allen of New York is another merger-minded investment banker. Late in 1944, Allen, who already controlled Wickwire Spencer Steel Co., bought control of Colorado Fuel & Iron from the Rockefellers. The two companies now are working out the details of a complete merger (BW—Oct.13'45,p80). Meanwhile, C.F.I. has put in a bid for the giant government-owned steel plant at Geneva, Utah (BW—Jul.21'45,p15).

The C.F.I.-Wickwire merger is almost a pure case of complementary combination. C.F.I. does its business in heavy items. Wickwire deals almost entirely in specialties. Very little integration of actual production will be possible.

• **The First Hurdle**—It is no accident that a banker or a banking syndicate frequently is the moving spirit in a big

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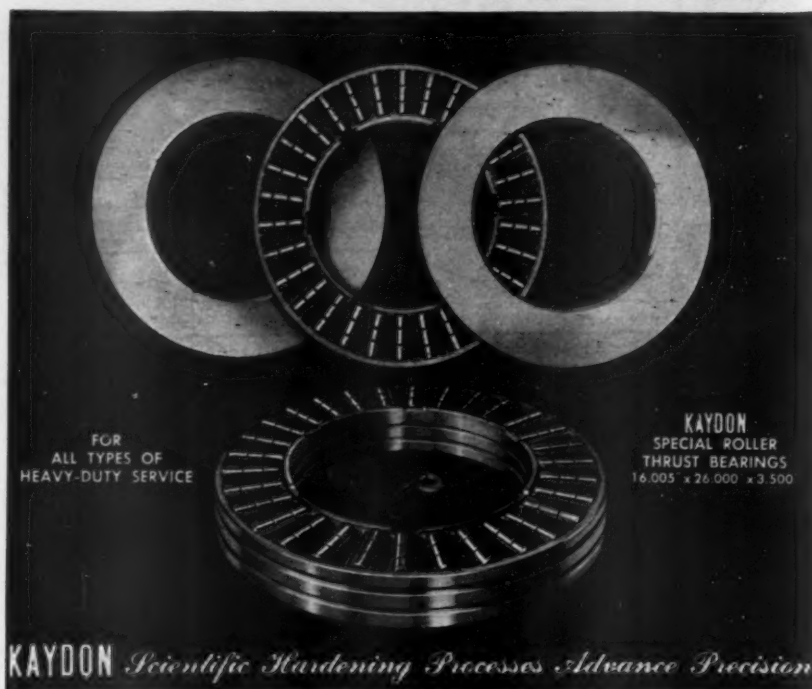
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merger. Financing is one of the first hurdles in merger making. This also is one reason why most mergers occur in times of good business.

One of the commonest methods of financing is to give the stockholders of the company that is being absorbed a block of stock in the surviving company. American Airlines, for instance, is offering to exchange one share of its own \$5 common for each block of four \$1 par shares in Mid-Continent.

If the deal is for cash, the purchaser may have to arrange a bank loan or issue new securities. To finance Aviation Corp.'s \$22,000,000 investment in Crosley, Victor Emanuel arranged to get backing from a syndicate of ten banks. In somewhat smaller acquisitions, the buyer often can pay cash out of his own reserves without having to go to the money market.

• **Eye on Justice Dept.**—Legal snags are another thing that merging companies have to watch. Minority interests



FOR BETTER BREATHING

Lightweight and portable, the Blanchard Mechanical Physiotherapist (above) is a far cry from the bulky "iron lung" respirator. Made and marketed by California Aircraft Engineering Co., Los Angeles, the unit comes with three glasslike shields to accommodate patients ranging from newborn babies to 300-lb. persons.

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must be handled carefully, and if any question of monopoly is involved, the whole thing has to be managed with a weather eye on the Dept. of Justice.

The old Clayton antitrust act forbids any corporation to acquire the stock of a competitor if the result is to lessen competition substantially or to create a monopoly. The Federal Trade Commission is supposed to enforce this rule, but its power has been reduced drastically by the Supreme Court. A court decision in 1926 held that the law applied only to stock acquisitions, not to cases where one corporation took over the physical assets of another.

FTC has been urging Congress regularly every year to extend the same rule to acquisitions of capital assets. So far, Congress has done nothing, but a certain amount of steam is building up behind a bill introduced in the House by Rep. Estes Kefauver of Tennessee.

• **Bill Bitterly Opposed**—The Kefauver bill would abolish the distinction between acquisition of stock and acquisition of assets, and would subject both to strict control by FTC. Companies that wanted to merge would have to prove to FTC that the deal would be "consistent with the public interest" and that competition would not be lessened. Business groups have been fighting the bill tooth and nail on the grounds that it would prevent normal expansion and interfere with necessary adjustments to changing conditions.

AGE LIMIT RETIRES TWO

The country's third largest corporation, the Prudential Life Insurance Co. of America, will lose its two top executives on Jan. 1, 1946, when the mandatory retirement age for company employees is lowered from 70 to 65.

Franklin D'Olier, now 68, has been Prudential's president since 1926. For the past few months he has been on loan to the government surveying the damage done by Allied bombers in Europe and Japan. He was the first national commander of the American Legion.

The company's senior vice-president, 65-year-old John Weiss Stedman, has held his present post since January, 1924. He has become well known in financial circles as chairman of numerous bondholders' protective committees, on which he has served as a representative of Prudential's huge security holdings.

Insiders believe that the two will be succeeded by Vice-Presidents Carroll M. Shanks and Caleb Stone. But rumors are also that the retirements will be something less than complete; that D'Olier, at least, will stay on as chairman of the board.

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UNITED STATES STEEL

MARKETING

Grade Labelers Go National

"Your Certified" canned fruits and vegetables, produced under continuous government inspection, will be offered by agency representing packers who seek advantages of a full line.

For the first time since grade labeling became fighting words in the fruit and vegetable canning industry, the government-certified grade label reached for the big time this week.

On the Pacific Coast, a new national sales agency known as Certified Foods offered to the grocery trade a limited line of canned fruits and vegetables packed under the brand name, "Your Certified," and graded A, B, or C by government graders operating under the continuous inspection service of the Dept. of Agriculture.

• **Paulhamus' Project**—Managing director of Certified Foods is Dwight Paulhamus, member of a family that has been identified with food packing and the farm cooperative movement in the Pacific Northwest since the turn of the century. Paulhamus is a former director of U. S. Inspected Foods Educational Service, private agency established by canners who subscribe to government grading under continuous inspection.

U.S.I.F.E.S. has never joined with militant consumer groups in advocating mandatory grade labeling. It stresses continuous government inspection, for which canners pay and which requires them to meet high standards of cleanliness and efficiency, as much as the grade label (BW—May 15 '43, p94).

• **Point of Difference**—A number of brands of canned goods are A-B-C labeled, notably the private brands of several large chain stores and wholesale cooperatives, but these distributors do their own grading and cannot claim government certification of their goods.

From his headquarters in San Francisco, Paulhamus is now undertaking to market the products of canneries which subscribe to the continuous inspection service and are members of U.S.I.F.E.S.

The idea behind "Your Certified" brand has been germinating for the past couple of years.

• **Toward a Full Line**—The job of getting wider acceptance for the government-certified label has been hampered by the fact that, while a number of good-sized canners subscribe to the continuous inspection service, no one of them has had a full line of products or national distribution even approaching

that of such giants as California Packing Corp. and Libby, McNeil & Libby.

But if a group of government-inspected canners could get together, marketing a part of their pack under a single brand name, they might eventually achieve a full line and nationwide distribution—which could be backed up with national advertising. Progress toward this plan was stymied during the war by a shortage of government inspectors and by the tight supply situation in which canners needed their full output to satisfy regular customers. Now, however, Paulhamus is ready to go.

• **Participants**—Sixty-nine canneries are now members of U.S.I.F.E.S., hence eligible for participation in Certified Foods. How many have signed up with Paulhamus to market a portion of their

pack under the "Your Certified" brand is his secret, one guess is not more than half. About half his packers are co-op processors, the rest independents. The percentage of their pack which will be available for his distribution is also a secret. The trade figures that not many packers, under existing conditions of demand, could divert more than 10% or 15% of their pack into the new channel of distribution without tightening up seriously on old customers.

• **Joint Control**—One limiting factor on the number of packers who will market through Certified Foods is that all participants jointly own and control the label. This gives the peach packer, for example, the right to veto any other-wise qualified peach packer who might want to join the group.

For the privilege of controlling label use, packers of Certified Foods will supply, by some as yet undetermined prorating formula, the funds for promoting the brand.

For the present, Paulhamus is able to offer only limited quantities of grade A (fancy) tomato juice from Pennsylvania, grapefruit juice from Florida, and freestone peaches and tomato juice from California, and in markets roughly adjacent to the point of origin. But he expects to expand both the line and the breadth of distribution as food shortages



DRY GOODS STORE TAKES A FLYER

A new line of business is booming in the Women's Sky Ranch of J. C. Penney's Denver store, where the installation of an Erco plane amid the undies and sport togs brought sales of eight planes in 48 hours—and a rush of inquiries that is keeping two demonstration planes hopping at the Sky Ranch airport. Specialists in moderate-priced drygoods, Penney counted on womanpower to pull in the husbands, sell the planes, but so far most sales have been for business purposes. Terms: \$250 cash, the balance to be paid on delivery. And the store plans a further deviation—into the furniture field—shortly.



Forty-five minutes to Myrtle

AND TEN DELIVERIES TO GO!

Put yourself in Joe's place up there in the truck. You've got just forty-five minutes to make the last ten deliveries and meet Myrtle. If something's going to get busted, it better be one of the deliveries . . . not the date.

Now climb down out of that truck and face some of the facts of life and of shipping. The human factor is always a shipping hazard . . . and the Stanley Steel Strapping System assures the protection you need for your shipments. No matter how you ship . . . case, crate, carton, bale or reel . . . this system makes good on your promises of safe deliv-

ery . . . maximum protection for minimum weight. The System includes tools, reels and accessories for every application.

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Wood and metal working hand tools for carpenters, masons, mechanics and hobbyists.



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Portable electric drills, hammers, saws, grinders, metal shears and screw drivers.



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Lacquers, enamels, synthetics and japans for industrial finishing.



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Send for booklet CWS on Industrial cafeterias, FCS on PIX Portable Food Bars, or SSS on PIX Rolling Snack Bars.

ALBERT PICK CO., INC.
2159 Pershing Road, Chicago 9



BUSY AMERICA EATS WHERE IT WORKS

are relaxed and as brand acceptance is established.

• **Articles of Faith**—Parhamus' confidence in the value of Certified Foods rests on two beliefs:

(1) That government-graded merchandise will have growing appeal for the housewife because of its quality guarantee.

(2) That promotion of the "Your Certified" brand, whatever the product, will rebound to the benefit of all participating packers in competition with other advertised brands.

• **The Label**—The uniform label bears twin shields, each bordered in a color distinctive to the government grade within the can (blue for grade A, fancy; red for grade B, choice or extrastandard; green for grade C, standard).

Superimposed on the front shield under the brand name is a smaller, though prominent, shield identifying the grade. The shield on the rear panel is that of the U.S.I.F.E.S., containing description of the product, its grade analysis, and information about its use and preparation (BW—Jun.16'45,p86).

Eyes on Seattle

Large retailers, including Macy's, are reported considering outlets that will tap what now looks like promising market.

The prospect that retail sales in Seattle will run from 12% to 15% above this year's levels in 1946 is arousing interest in that market among national retailers and large merchandisers.

R. H. Macy & Co. of New York is reported to have had scouts in the Seattle field for the past year looking into the possibility of opening a branch there. Without encouragement from Macy's, discussion about the feasibility of a Seattle unit has revolved around the big department store's acquisition of a branch in San Francisco last summer (BW—Jul.14'45,p42) and persistent reports that Macy is considering a branch in Hollywood (BW—Jul.21'45,p24).

• **Other Reports**—There also have been reports that Bullock's of Los Angeles is contemplating larger operations in Seattle. The city now is served by one of the units in the West Coast's high-style chain of I. Magnin Stores, controlled by Bullock's (BW—Feb.12'44,p91). Speculation is that any expansion would involve a new store bearing Bullock's name.

Kress, which has one store in Seattle, is reported planning a large expansion, as are the Edison Shoe Co., which now



"Your Certified" label—on canned goods graded by government inspectors—is the new marketing emblem of a number of canners selling part of their pack under a single brand name.

has two stores there; Lerner Shops, with one store now; and Gamble & Co., owner of the Western Auto Supply Co. of Los Angeles (BW—Sep.22'45,p92). Mercantile Stores, Inc., which owns MacDougall-Southwick, one of Seattle's large department stores, also is reported planning numerous additional smaller stores in the city, having opened two new ones during the past year.

• **Few Have Left**—As compared with a population of 368,000 in the corporate city of Seattle in 1940, there now are estimated to be 475,000 persons. Surprisingly few have left since V-J Day. This accounts for the optimism of retailers with respect to 1946 prospects. Some are persuaded that Seattle will retain the bulk of its wartime population gains.

It is estimated that total retail sales in Seattle for 1945 will be \$557 million. This would be an increase of \$73 million over 1944 and \$305 million greater than 1929. Estimates for 1946 range all the way from a total volume of \$625 million to \$650 million.

FIELD'S BUYS WAREHOUSE

Marshall Field & Co. this week bought for \$750,000 a six-story warehouse covering a city block on the Chicago West Side, in which the retail store plans to consolidate five warehouses and workroom operations now scattered. Seller of the 630,000-sq.-ft. building was Consolidated Grocers Corp., gigantic wholesale grocery concern put together by Nathan Cummings from Chicago's Sprague-Warner & Co., Reid-Murdoch & Co., and several smaller grocery houses (BW—Jun.9'45,p104).

Field's will not take possession of the warehouse until July 1, 1947. In the

10-month interval, Consolidated Grocers will select a location and build what Cummings describes as "the most efficient wholesale grocery warehouse in the world." The new building will be one-story and contain about 500,000 sq. ft., to cost about \$2,000,000.

Cummings reported a profit on the sale of the property, which his company acquired in 1942 for \$440,000 after selling a newly built Sacramento Blvd. warehouse to the Defense Plant Corp.

Shoes Mark Time

End of rationing fails to develop a customer stampede, and in view of inventories, retailers concede it's fortunate.

Shoe retailers who all but barricaded themselves in their stores this week, waiting for a post-rationing buying rush to begin, were disappointed. Few stores reported more than moderate sales increases; most reported little or no change; and some said that sales had actually fallen off.

Retail Inventories—Although some of them may be a little chagrined, most retailers concede that it will be a very good thing if the stampede never develops. For Washington's optimistic reports on civilian shoe production, issued to bolster its decision to abandon rationing, omitted a vital statistic in the supply situation—retail inventories of manufacturers and wholesalers have nothing that could properly be called an inventory these days).

Retailers have an estimated inventory of 140,000,000 pairs of rationed-type civilian shoes today. This contrasts with pre-rationing stocks of about 270,000,000 pairs (BW—Feb. 13 '45, p. 92).

A Formidable Slump—Undoubtedly the latter figure included a goodly share of high-buttoned boots and similarly outmoded or otherwise unsalable footwear (the Treasury Dept. rounded up 1,000,000 pairs while rationing was still in effect for shipment to needy Europe), but the slump in inventories is still formidable. Customers who have tumbled wearily from store to store in recent months looking for a coupon's worth of shoes generally can't understand why rationing has suddenly become unnecessary.

The industry and WPB were convinced, however, that rising production (chart, page 90) means a safe supply from here on out. OPA, which would have preferred to wait another month or two, has reluctantly gone along.

Away From the Military—Production of rationed-type civilian shoes hit an



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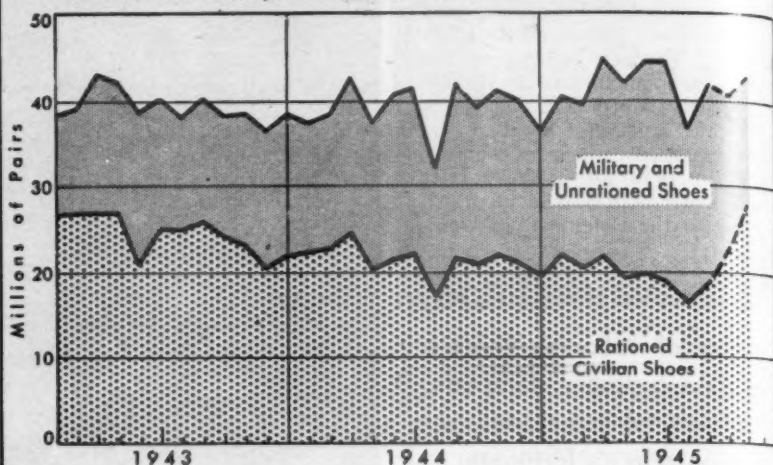
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MORE SHOES, NO MORE RATIONING



Data: Office of Price Administration.

© BUSINESS WEEK

Office of Price Administration data on the volume of shoes moving each month from manufacturers and wholesalers into retail stocks provides the background for Washington's decision to abandon shoe rationing. Shipments of rationed-type civilian shoes have risen from a low of 16½ million pairs in July to an estimated 28 million pairs in October. Shipments of military shoes and unrationed civilian footwear have dropped correspondingly.

estimated 28,000,000 pairs in October, the highest monthly figure in some three years. Correspondingly, production for the military has slumped, as has production of nonrationed types. Before V-J Day the industry was turning out shoes for the Army and the Navy at the rate of some 4,000,000 pairs a month.

Since a pair of military shoes takes, on the average, nearly twice as much leather as a civilian pair, this means an increase in production for civilians of 7,000,000 pairs a month, or better, as soon as conversion is complete. The industry expects production of civilian leather and part-leather shoes to rise to around 30,000,000 to 32,000,000 pairs monthly by the first of the year.

• **Rationing's Beneficiaries**—Not all manufacturers and retailers joined in the agitation for getting rid of rationing. Some makers and retailers of high-priced shoes have benefited from what one man in the trade calls the consumer's habit of "spending coupons instead of money." A few high-priced dealers have done such terrific business recently that, like Delman's in New York City, they have had to take time out in order to replenish their stocks (BW—Nov. 3'45, p90).

At the other end of the scale, a few lower-priced retailers, caught with stocks of unrationed shoes, also weren't overanxious to do away with rationing. Production of women's and children's

fabric shoes had climbed from a rate of around 15,000,000 pairs a year, pre-rationing, to some 40,000,000 pairs, and retail stocks are currently estimated at around 25,000,000 pairs.

• **Cautions of Late**—An estimated 90% or better of nonrationed types retail for \$4 a pair and under, and the great bulk of these shoes has been sold by popular-priced stores, sometimes constituting as much as 75% to 80% of their business. Lately retailers have been cautious about stocking up on these shoes; the chances are that few will be badly stung. The unrationed shoes have been a highly profitable business right along, and the feeling now is that "it was great while it lasted."

Stocks of men's shoes are in pretty good shape compared to stocks of women's shoes. In addition, capacity released by military cutbacks will mostly go directly into the manufacture of men's civilian footwear, so there's little fear that returning servicemen will go unshod.

• **Cheering Note**—Women's leather shoes may remain scarce for some time. Cutbacks have had little effect on the supply of lighter-weight leathers, such as kidskins. One cheering note: Shoe wardrobes have been maintained throughout the war (at the expense of inventory) so that every person in the U. S. has an average of some 2½ pairs. Since there is no pent-up demand similar to that for electrical appliances

ere should be no sudden drain on
cks.

Now that rationing is over, the shoe
de is turning its full attention to the
business of wresting a general price in-
crease from OPA. Manufacturers claim
at, with WPB style restrictions re-
moved, costs have skyrocketed because
the need for new patterns, lasts, and
like.

New Lines of Film

Trade names multiply as
spoolers market photographic
rolls made from surplus stocks
need by armed services.

It's a rare day when new brands of
photographic roll film appear on the
market. Consumers know only two
names well—Eastman and Ansco—and
have a nodding acquaintance with a
third—Gevaert. But since last March
when bearing half a dozen new trade
names has been reaching the public
in limited quantities, each carrying the
secondary legend:

"This is film which has been de-
clared surplus by the United States
armed forces. The time set by the
original manufacturer for development
has expired. Tests by the undersigned
indicate, however, this film is satis-
factory for nontechnical uses. . ."

Future Outlook—Forlorn hope of at
least some of the newcomers in the
spooling industry is that sale of sur-
plus film might be the wedge that will
enable them to buy bulk film from big
producers for peacetime sale under their
own label. But the more realistic are
contented with kissing their thriving war-
time business good-bye as soon as the
nationally known brands are again
available.

Meanwhile eager amateur photogra-
phers snatch up the out-dated film and
sell it good—which practically all of it
is. Contracts signed by the seven re-
pooling firms with the Dept. of Com-
merce's Office of Surplus Property—to
be renewed by War Assets Corp. when
the latter takes over—require them to
test the film. They are reimbursed for
any that does not meet government-
established specifications for such quali-
ties as fog density and speed. Processors
are not required to guarantee the film,
except as described on the label, but in
practice they do replace any film that
consumers find unsatisfactory, or they
refund the purchase price. Complaints
are said to have been very few, how-
ever.

Price Inducement—The consumer
gets about a 10% price break on sur-



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where to add strength, reduce tooling,
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plus film. Its sensitivity is equivalent to that of panchromatic film, but the retail price ceilings set by OPA are comparable to those for Eastman's Verichrome and Ansco's Plenachrome. Surplus films are sold in the five most popular sizes—116, 120, 127, 616, and 620—which, obviously, are the ones least available now in standard brands. Dealers buy as much as they can get; Willoughby Camera Stores, Inc., New York retailers, reports that it is currently selling more surplus film than standard film, and that sale of the latter enables it to take care of most of its orders.

Respooling firms report no difficulty in getting as much bulk surplus film as they can handle, but the government lets contracts only to those with adequate equipment for slitting, cutting, spooling, and packaging. Most of the seven normally engage in some aspect of the photographic business. They are Weimet Co., Camro Corp., Advance Photo Products Co., and Arrow Photo Co., all of New York; Dover Mfg. Co. of Boston; Norman Willets of Chicago; and Photo Development Co. of Los Angeles.

• Prewar Invader—Camro is no newcomer to the retail roll film business; it is a wholly owned subsidiary of Standard Brands, Inc., which five years ago set the drug store trade on its ear by achieving widespread distribution of camera film through grocery stores (BW—Sep. 21 '40, p. 32).

Damper on Seals

Good Housekeeping isn't expected to reinstate its labels approving or recommending the products its institute tests.

Speaking before the New York Housewares Club last week, Katherine Fisher, long-time president of Good Housekeeping's Institute (product testing and investigation), let word slip that the magazine probably will not reinstate its celebrated "Seal of Approval."

• Two Dropped in 1941—This seal, which read "tested and approved" by Good Housekeeping's Institute, was formerly available to all manufacturers who submitted their products for testing, regardless of whether they advertised in Good Housekeeping. The "recommended" seal of the Good Housekeeping Bureau, used on such products as foods, drugs, and cosmetics, which did not lend themselves to mechanical tests, was available under similar conditions. A third seal—the "guarantee"—was offered only to advertisers in Good Housekeeping.

In 1941, Good Housekeeping announced that it would cease to issue both the "approved" and "recommended" seals, ostensibly because wartime changes and substitutions in many consumer goods made too many diffi-



Some of the seven companies engaged in respooling surplus military film have found that the deft fingers of the blind are ideal for the operation—which must be done in complete darkness. Weimet Co., New York, gives employment to 40-odd sightless persons—and houseroom to a single Seeing Eye dog.

Seals

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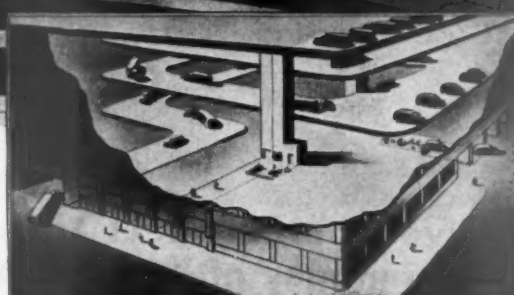
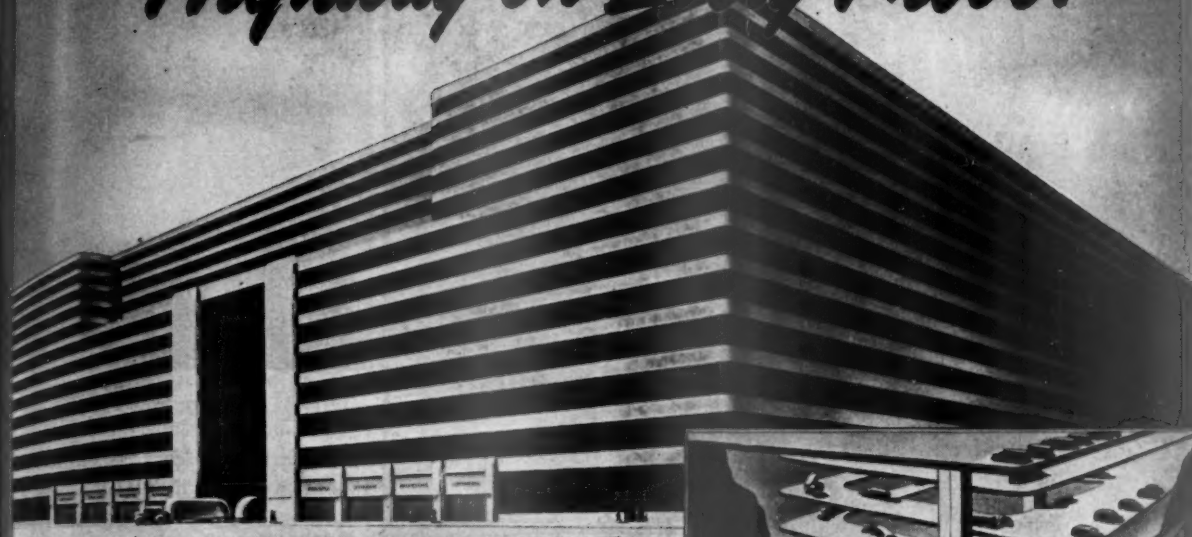
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v. 10, 1945

This Building will have a Highway on Every Floor!



THIS IS A DRAWING of the "Interstate Commerce Center", to be erected in downtown Manhattan by the Tishman Realty and Construction Company. Thirteen stories high, covering four square blocks, it will have a continuous 32-foot wide highway connecting every floor!

Here is built-in transportation in its most modern form—planned to take full advantage of the flexibility of motor transport.



Alert manufacturers, distributors, wholesalers, warehousemen and others who are intensively studying methods of making motor transport fit more closely into their businesses, will hail this type of planning.

Experience has proved that by gearing Trucks and Trailers with production and distribution, a business can be operated with greater efficiency and at much lower cost.

Architect's sketch of interior showing highway connecting each floor. A loading platform to accommodate 23 Trailers will be provided on every floor.

A Truck, pulling a Trailer, will go direct from the street to any floor, "drop" the Trailer at the loading platform on that floor, couple up to a loaded Trailer—and will be on the street again in a matter of minutes.

If you are altering or building, consult your Traffic Manager! He can help tremendously.

Your Architect, too, is alert to the importance of providing adequate facilities for motor transport—and should be on your planning committee.

These specialists, working together, are certain to improve the efficiency of your operation.

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With CUSTOMERS . . .

*It's love
at first touch*

**When Equipment is
BLACKHAWK
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"I just flick a valve and the ram does work faster and smoother than the old mechanical hook-up ever did. And brother, that means no more tired arms or sweat soaked shirts, because you just don't need muscle-power to operate fingertip-controlled Blackhawk Hydraulics."

Give Your Product These Exclusive Advantages of BLACKHAWK HYDRAULICS



Blackhawk High-Pressure is really super-pressure. 22 years of specialization in mass production of precision-built hydraulic units enable Blackhawk to build pumps, rams and valves with internal pressures up to 10,000 pounds per square inch. That's **TEN TIMES** what's often found in ordinary hydraulics.

» **LOWER COST . . .** Less materials because you get greater power in a more compact unit. Less installation and engineering time in fitting into modern products.

» **LESS FRICTION . . .** Eliminates many mechanical parts, means greater efficiency and reduction in operating effort.

» **MORE SPEED AND CONVENIENCE . . .** fingertip controlled Blackhawk High-Pressure Hydraulics give your products outstanding selling advantages.

Blackhawk is a dependable source for Hydraulic Units in large quantities. Submit your hydraulic questions to us. We will work with you in confidence.

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BLACKHAWK
High-Pressure Hydraulics



AERIAL REEFER

In California, dry ice is packed (above) aboard what United Air Lines describes as the first refrigerated plane in history—a Cargoliner which brought a load of flowers, fruit, serum and other perishables last week to New York. Contending that flight level temperatures are far from constant, United fitted the plane with lightweight zippered partitions—each accommodating 1,600 lb. of cargo—and pockets to hold dry ice.

culties for its laboratories (BW—Aug 30'41, p42).

• **Influenced by FTC**—The general opinion was that, in withdrawing the seals at that time, Good Housekeeping was considerably more influenced by the outcome of its long-drawn-out wrangle with the Federal Trade Commission which was skeptical of the sweeping guarantees that the agency felt the seals implied (BW—May 31'41, p28). In its final action FTC required Good Housekeeping to limit its use of the seals, but did not demand that they be discontinued.

Miss Fisher's discussion now indicates that the withdrawal of the two seals was no mere wartime expedient, and that they are gone for good (though Good Housekeeping is not yet ready to make a formal statement to this effect). The magazine will continue to issue its "guarantee" seal which offers a straight replacement or money-back guarantee.

• **Others Restricted, Too**—Another well-known seal, belonging to Parents' Magazine, also will not return to its previous

thus. In 1942, it restricted the use of "seal of commendation" to advertisers, introducing at the same time a guarantee seal similar to Good Housekeeping's (BW—Aug. 15 '42, p58).

FIELD PLANS TO BUY KOIN

If the Federal Communications Commission raises no objection, Marshall Field soon will add a Portland (Ore.) radio station to his portfolio of publishing and broadcasting properties.

Field's tentative agreement to buy station KOIN, 5,000-watt outlet of the Columbia Broadcasting System, is being submitted for approval to the FCC. The price is \$943,967, plus any increase in net worth of the property since Aug. 31. Field enterprises now include stations WJJD, Chicago, and WSAI, Cincinnati.

KOIN at one time was owned largely by the Oregon Journal. It is now independent. Under agreement with Field, Charles W. Myers, president of KOIN, Inc., would be retained in an advisory capacity and have a place on the board of directors.

S.

Cooperative Fruit & Vegetable Assn., which made its debut under the aegis of the Great Atlantic & Pacific Tea Co. some five years ago and which has played a part in the government's anti-trust case against A.&P., is folding up quietly the middle of this month. (It has been divorced from A.&P. for several years.) Porter Taylor, the association's head, goes to the Farm Bureau Federation, where he will run a new fruit and vegetable department. Taylor was hired in spite of, not because of, the co-op's one-time liaison with A.&P.

Wholesalers and retailers already are intimating that if General Electric, Westinghouse and Westinghouse carry through with their plans for uniform nationwide pricing of electrical appliances, dealers may look around for other outlets. Newspapers also have an interest in the companies' pricing plans. It may mean more national advertising, less cooperative advertising in conjunction with local dealers. . . . U. S. Chamber of Commerce plans a series of five regional marketing conferences early in the New Year. . . . Latest addition to the list of new trade magazines is a monthly "PS" (for packaging service), published by Roland M. Carr. . . . The Bureau of Advertising of the American Newspaper Publishers Assn. has computed the dollar value of war-effort advertising in United States daily and Sunday papers over the past two years at \$98,813,358, almost half of it for war bonds.



Now you can have that USPM Metered Mail System you have wanted and needed for so long! Now you can get rid of those late afternoon jams in your mailroom . . . those delays that result in missed trains and planes. The new USPM Metered Mail Machines handle each day's mail easily and smoothly, speeding up the operation of every department in your office.

The new Model 55, illustrated above, is built to meet the needs of most mailrooms. Electrically operated, it handles all classes of mail as well as parcel post. It seals, imprints correct postage, postmarks, counts and stacks in one mechanical operation. And its patented Omni Meter prints any denomination from 1/2c to \$9.99 1/2 in one impression!

The new Model 88 USPM Metered Mail Machine for large volume mailers, Model 57 for parcel post only, and the Model 45 hand-operated machine are also available. Order from your nearest Commercial Controls office today.

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Rochester 2, New York

LABOR

Diplomacy Listens to Labor

State Dept. places aides in key cities of the world for job of sighting political and economic trends by observation of policies of rank and file of foreign workers.

The increased importance which diplomatic circles are attaching to problems of labor, and to the new economic and social roles being played by women, is reflected in recent developments in the far-flung embassies of the United States and Great Britain.

• **New Observers**—The British last month added to their embassy staff in Washington the Empire's first attache for women's affairs, Mrs. Marjorie D. Spikes, who since 1941 had been assigned to the Ministry of Labor in Cambridge, England.

Mrs. Spikes will report on women's affairs and employment, and on developments in child welfare, housing, and education for youth and adults.

Meanwhile, the U. S. State Dept. has adopted another plan which the British introduced two years ago when, for the first time, a labor attache was assigned to their embassy staff in Washington.

• **Spot World Trends**—For several months the department has been quietly building up a chain of labor reporting outposts in strategic cities of Latin

America and Europe—including Berlin, Rome, London, and Paris. Other attaches are in training for posts in Spain, Africa, Australia, and the Orient.

The idea is to place trained observers where any undercurrent in labor thought and changes in labor conditions can be spotted and interpreted swiftly to Washington, in terms of what American business should know and expect.

• **Reorganization**—The State Dept. decision to send out labor attaches was made in January, 1944, during a reorganization of the department. One result was creation of a Division of International Labor, Social & Health Affairs (the ILH) in the Office of Economic Affairs—which then included divisions charged with reporting foreign developments in commercial policy, financial and monetary affairs, commodities, and petroleum.

The new division, headed by Otis E. Mulliken, was designed to gather data on trends in wages, labor costs, employment and unemployment, costs of living, industrial disputes, labor and related legislation, and economic and

A. F. L. Milestone: Dubinsky Returns to the Council

The most important action taken by A.F.L.'s executive council at its meeting which ended last week in Cincinnati was the election of a new vice-president of the 64-year-old federation. He is David Dubinsky, head of the 360,000-strong International Ladies Garment Workers Union.

Dubinsky succeeds the late Edward Flore of the Hotel & Restaurant Employees, whose death opened a place on the federation's ruling body (BW-Oct. 6'45, p102). Such successions are normally a routine matter, but this instance is made significant by the selection of Dubinsky.

• **Adherent**—Back in 1935, when John L. Lewis became disgusted with the A.F.L.'s inability to organize the mass production industries and envisioned the program which developed into the C.I.O., Dubinsky was his first important adherent in the A.F.L. hierarchy. At that time, both Lewis and Dubinsky were federation vice-presidents. In throwing in his lot with the miners, Dubinsky sacrificed his prestige in the A.F.L., resigned his vice-presidency, and saw his union suspended from the federation.

But, just as he was Lewis' first important adherent, Dubinsky was also the first important defection from the C.I.O. camp. In 1938, he took the I.L.G.W.U. out of the C.I.O.



David Dubinsky

because Lewis was converting his Committee for Industrial Organization into a congress and Dubinsky, willing and eager to support an organizing campaign, was not prepared to help set up a permanent union movement which would compete with the A.F.L. Yet, except for a short and acrimonious interlude, his personal relations with Lewis have remained very close.

• **Peacemaker**—From 1938 to 1940, the I.L.G.W.U. remained unaffili-

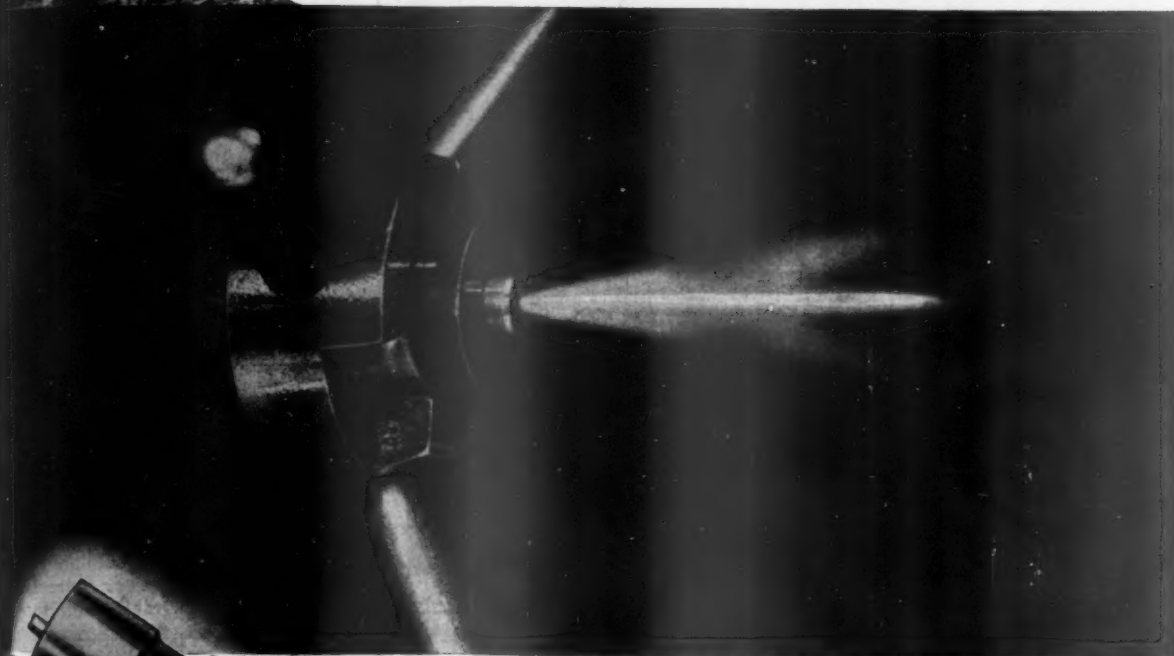
ated, and Dubinsky essayed the role of peacemaker, trying to get the A.F.L. and C.I.O. together. Convinced of the impossibility of that development, he took the I.L.G.W.U. back into the A.F.L. and provided the most dramatic incident of the federation's 1940 convention by trading punches in a New Orleans hotel lobby with Joe Fay, a shady character present at the convention as a delegate of the Stationary Engineers Union.

This altercation, and Dubinsky's outspoken criticisms of racketeers in the labor movement, made him a short-time favorite of the newspaper columnist, Westbrook Pegler. It failed singularly, however, to endear him to old-line elements in the A.F.L. The result was that for five years Dubinsky failed to get back his seat on the executive council of the federation.

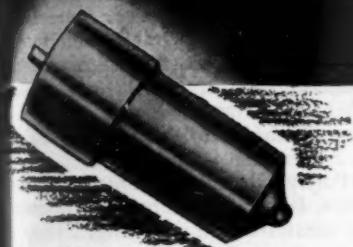
• **Strategist**—That he has been elevated to that post now means that the A.F.L. no longer looks with suspicion on the progressive ideas which Dubinsky represents. And in any battle with left-wing elements in the C.I.O. which the A.F.L. heads into, Dubinsky, one of the most effective anti-Communists in the labor movement, will be a valuable strategist for the federation.

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9000 Bites a Minute



Above—Stroboscopic view of fuel spray characteristic of pintle type nozzle. Left—hole type nozzle.



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Tomatoes wrapped on our FA machine have made such a hit with housewives, that packers in all parts of the country are adopting the idea . . . The attractive cellophane-wrapped package not only *sells*, but *saves*—eliminates loss due to damage resulting from shoppers handling the tomatoes.

Now, packers and chain-store executives are looking forward to wrapping other fruits and vegetables on the Model FA, which can be

quickly adjusted for various sizes of packages.

Smart merchandisers in other fields, too, are planning on similar wrapping innovations for goods previously sold in bulk—sheets, towels, underwear, hosiery, for example. And we have already developed machines suited to their needs.

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political policies and programs of organized labor groups. Related information also sought by the State Dept. is concerned with general working conditions, housing, standards of living, and health and social welfare programs.

• **The Basic Idea**—The department's interest in keeping its finger on the foreign labor pulse is made clear in a statement by Mulliken that an understanding of the factors influencing the social and economic status of a people is essential for satisfactory international relations.

Assignments as labor attaches, or reporters, are being given mostly to men and women drawn from outside the State Dept.—persons with substantial training in American labor economics followed by experience in federal or state labor agencies.

• **Intensive Instruction**—Prospective labor attaches are given intensive ten- to twelve-week training courses (1) in American labor conditions, organizations, legislation, and administration and (2) in political, social, and labor backgrounds of the country to which assignment is being made.

The first includes meetings with officials of the Labor and Commerce departments, Social Security Board, and other federal agencies having an interest in foreign labor reporting. Conferences with top officials of U. S. labor organizations also are arranged. State Dept. experts handle the briefing on foreign countries. Robert Watt of A.F.L., Michael Ross of C.I.O., and Sumner Slichter of Harvard University serve as unpaid advisers to the division, and aid in its training program.

• **Purely Reportorial**—Once at their posts, labor attaches have no operating or administrative functions. They do not maintain liaison between the labor movements here and abroad. They are restricted to observing and reporting.

The attaches send two monthly reports to Washington, one a factual and statistical report which usually is unrestricted, and the other an interpretive report which usually is confidential. In addition, special or background reports (such as evaluations of cost-of-living and wage indexes) are prepared from time to time.

• **A World Survey**—Reports to Washington are made available to all government departments, and are the basis for a biweekly confidential world labor survey prepared in Washington from State Dept. attaches.

The labor attaches also answer inquiries from government officials, labor leaders, employers, and workers abroad concerning American labor affairs. To keep them posted on developments at home, the Labor Relations Division sends to attaches a weekly digest of

United States labor news, Labor Dept. and other federal labor reports and publications, and selected periodicals and reports of various labor and management groups.

• **Liaison With ILO**—Since the Labor Relations Division deals with international labor problems, it maintains liaison for the State Dept. with the International Labor Organization—League of Nations agency for regulation of international labor and social welfare standards (BW—Apr.29'44,p24).

Thus, it is able to advise on reactions abroad to ILO proposals, and to give recommendations to the State Dept. Since U.S. financial obligations to the ILO are handled through the State Dept., the Labor Relations Division now has an advisory role whenever ILO financial questions arise.

• **Cooperation**—So far, while there is close cooperation between the State Dept. and Labor Dept. over the former's Labor Relations Division, there are no definite ties between the two. Eventually a closer alliance may be achieved. Plans are being made to ask legislative approval for addition of a Labor Dept. representative to the Foreign Service Personnel Board, which approves labor attaché—and all other foreign service—appointments.

LOGGERS COMPROMISE

Clouds over the Pacific Northwest lumber industry were partially dissipated this week as officials of the C.I.O. International Woodworkers of America compromised their wage-increase demand of 25¢ an hour for 12½¢.

But the recommendation of the C.I.O. negotiators that their 30,000 nonstriking constituents settle for half of the demanded increase did not thin the picket lines which a rival A.F.L. union for the past seven weeks has stretched around lumber camps and sawmills in five states (BW—Oct.27'45, p100).

The 12½¢ increase would lift the minimum wage paid C.I.O. workers by fir operators to \$1.05 an hour, 5¢ short of the \$1.10 minimum for which the A.F.L. Northwest Council of Lumber & Sawmill Workers unions called a strike Sept. 24 (BW—Sep.29'45,p98).

Nobody was surprised when the strikers branded the C.I.O. settlement a "sellout to the lumber barons," for the C.I.O. had already incurred A.F.L. wrath earlier by refusing to strike and thus preventing a full shutdown in the industry.

The A.F.L. organization, which claims to speak for 60,000 pine workers, agreed this week to explore peace channels with the federal conciliators who supervised the C.I.O. settlement.

All "Axials" are NOT alike

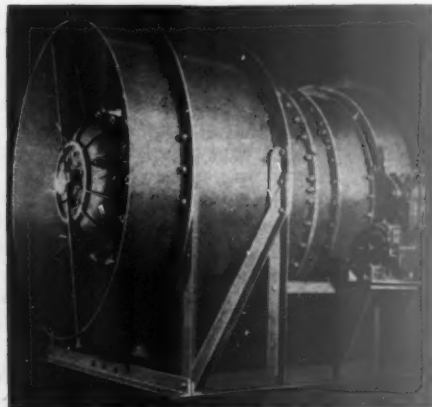
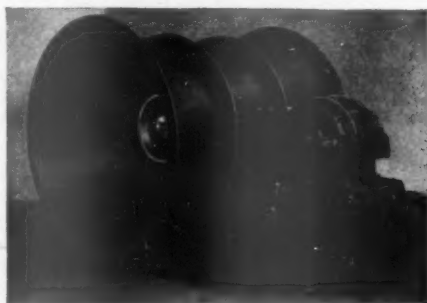
All axial flow fans have certain advantages and disadvantages when compared to centrifugal fans on the same service.

For example—where a system has elbows or bad duct conditions near the fan inlet or outlet, a centrifugal fan will in most cases be a better selection. For handling dust-laden air, hot gases and corrosive fumes, centrifugals are generally preferable.

And comparing Axials with Axials, there are some differences which are not at once apparent. In any propeller or axial flow type of wheel the air leaves the blades with a rotating, or screw motion. This is a characteristic of all propeller type fans and tends to increase when the fan is working against pressure. This swirling effect of the air leaving the fan means a drop in efficiency.

In Buffalo Axial Flow Fans a set of stationary curved vanes corrects this swirling motion of the air—delivers it in a "straight ahead" axial direction. Thus Buffalo Axial Flow Fans deliver full rated capacity in the system, and provide higher pressures than could be obtained at the same fan speed without vanes.

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AXIAL-FLOW FANS

THE LABOR ANGLE

Politicalized

Political strikes—as contrasted with strikes for purely economic objectives—are not altogether unknown in this country. They have, however, never been nearly as frequent or as important here as in Europe; or, for that matter, in Latin America where, as a recent example, the return to power of the Peron dictatorship in the Argentine was achieved largely through a general strike.

There are many reasons why political strikes are not a serious concern in the U. S., and one of the most important is that, compared with foreign governments, ours has done relatively little mixing in labor affairs. Because it has done more of that in recent years than ever before, political strikes are on the increase.

The recent stoppage of long-distance telephone service (BW-Oct. 13'45,p106), called to influence the decision of a government agency—National Labor Relations Board—was a political strike. Strikes against National War Labor Board decisions are also political strikes but not of the pure type because, at bottom, they involve an economic dispute. Now, however, C.I.O.'s National Maritime Union has served notice that, effective Dec. 1, it will refuse to man ships not assigned to bringing back troops from overseas. If it carries through on this threat, the era of the political strike in America may be opening.

The N.M.U. is, of course, a pillar of the left-wing movement which follows the Communist Party line. Its strike threat comes on the heels of a new C.P. demand that all U. S. troops be removed from China and on the eve of an expected demand that U. S. troops be removed from Europe. The N.M.U. strike threat is an attempt to influence American foreign policy.

It is also a sign that the left-wing unions here are returning to a position critical of our government and will use their power in ways not used since the U. S. and Russia became allies.

Veterans

The C.I.O., which makes a point of keeping careful track of veteran matters, already has compiled files

on 41 different national organizations which have been announced to represent veterans of the second World War. It's convinced that dozens more have been formed with aspirations either to be the American Legion of the recent war, or to promote private objectives which, in a number of cases, have included barring collection of union dues from veterans as a requisite for working in any industry.

But C.I.O.'s specialist on this matter is convinced that when the competition for members is over, No. 1 and No. 2 organizations in the field still will be the legion and the Veterans of Foreign Wars.

Quietus

The Bureau of the Budget has tied a can to a pet project of the late President Roosevelt. It will refuse to provide sufficient funds to proceed with the study on the annual wage which Roosevelt assigned to the War Mobilization Advisory Board.

Last August, WMAB engaged Arthur S. Meyer and Murray W. Latimer to undertake what promised to be a monumental analysis of the guaranteed annual wage (BW-Aug. 4'45,p102). They were told that they would be provided with adequate staff—under a projected budget that exceeded a million dollars—and that they were to bring in a definitive report. Now, after three months of red-tape, Meyer and Latimer have been informed that the project is to be quietly pigeonholed.

Those people who know about it are finding most interesting the fact that it would be unusual indeed for the Bureau of Budget to make what is, in effect, a high policy decision without having had instructions from the White House.

Metamorphosis

Reconversion note: C.I.O. War Relief, which last year collected and turned over to the National War Fund around \$35 million, has changed its name to the National C.I.O. Community Services Committee and will stay in business. Its goals for 1946: \$10 million in collections and C.I.O. representatives in all community welfare agencies.

Willow Row Ends

C.I.O. wins agreement in its showdown over bargaining rights for 40,000 prospective workers at Kaiser-Frazer.

Transition of the former Ford bomber plant at Willow Run into an automobile-producing home of Graham-Paige Motors Corp. and its new ally, the Kaiser-Frazer Corp. (BW-Sep. 29'45, p20), was moving ahead again at mid-week after a quick strike settlement. C.I.O. auto workers had forced a showdown on their status in the transfer of manufacturing operations from one plant to another, and from one corporate entity to a new company.

• **Union Fears Allayed**—The agreement with Kaiser-Frazer, viewed in auto labor circles as a significant step, recognized the right of the C.I.O. union to exercise bargaining rights at Willow Run, and specified that preferential hiring rights and accumulated seniority would be given to former employees of Graham-Paige. Former Willow Run personnel will be rehired after Graham-Paige workers, probably with subordinate seniority.

Quick acceptance of the demands made for C.I.O. by R. J. Thomas, president of the United Auto Workers, allayed union fears that the A.F.L. might try to use its longtime friendship with Henry J. Kaiser, senior partner of Kaiser-Frazer, as an entering wedge. The new agreement precluded that possibility by promising that a new contract will be negotiated with C.I.O. covering the Willow Run operations.

• **Which Local?**—The question of which of two auto workers locals would be entitled to negotiate the new contract—spark which set off the entire jurisdictional strike—was left unresolved at a conference between E. D. Riordan, Kaiser-Frazer director of industrial relations, and representatives of the union. That ticklish matter was on the agenda of the union's international board in Washington this week, caught in the meshes of factionalism which characterize the auto workers union.

The current controversy was precipitated when 179 members of the Graham-Paige Local 142 struck to enforce their claims to seniority and bargaining rights when the corporation resumes auto production at the new location.

• **Claim of Seniority**—Local 142's action was taken after the Ford Bomber Local 50 had announced that, as the auto workers local with original jurisdiction at Willow Run, it planned to claim continued seniority and bargaining

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"We manufacture some 6000 items of oil seals and shims used extensively in automotive equipment, and average 5000 production orders a month. Over 3000 items are carried at each of our six warehouses.

"Under our old manual method, inventory records were inaccurate because of mathematical and posting errors which caused unbalanced stocks and shortages. Now, with punched unit-inventory cards, we tabulate a stock report every 10 days. Our semi-annual

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"Punched-cards are also used to maintain a coordinated raw materials and assembly line stock control.

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"Quarterly inventory reports aid manufacturing schedules by tabulating for the period and year to date the sales and unfilled orders, as well as inventory.

"The yearly report rates items in order of popularity. Dealers and jobbers observe this in stocking.

"Inventory and sales reports covering two or more years warn us of approaching obsolescence of any item.

"A priority analysis is made to cover daily shipments. Unfilled orders are summarized quarterly

"The benefits we derive from Remington Rand Punched-Card Accounting Methods include the volume of work done, the speed with which it is performed, the accuracy of the reports, and the guidance that management gets in making decisions.

"We believe that we have been fully justified in mechanizing our accounting methods."

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rights there. To Local 142 that means that most of the expected 40,000 jobs at Willow Run, when production is at peak, would go to Local 50.

While the two locals were disputing their rights, the Graham-Paige management announced that it had canceled its contract with Local 142 on the grounds of "repeated work stoppages." The company said that Kaiser-Frazer would be the actual producer at Willow Run, hence should be free to negotiate a contract with a brand-new local. That jolted the two disputing locals together to form a solid front for the showdown on jurisdiction. Result was a 16½-mile long picket line—record even for Detroit.

• **Agreement on Stoppages**—While building of Frazer and Kaiser automobiles was not hampered, because production progress is still in the engineering stage, the new management wasted no time in meeting the demands outlined in a letter from Thomas to Graham-Paige, thereby assuring readiness of Willow Run for production when the go-signal is given. That is expected within 30 days.

Significantly, Riordan and union representatives reached a meeting of minds along another line. There will be no strikes, stoppages, or slowdowns of any kind tolerated by the union during subsequent negotiations, and the company is committed against any lockout of C.I.O. auto workers during that period.

• **Pattern for Settlements**—The Graham-Paige situation soared into top billing in a series of related discussions over local jurisdictions at the auto workers board meeting in Washington, and possibly will furnish a pattern for settlement of all such disputes over jurisdiction in plants where there are management shifts.

While Thomas' quick support of the Graham-Paige local apparently has given that group the upper hand, final decision on whether Local 142 or the Ford Bomber Local 50, or an entirely new group, would bargain with management for a contract hinged entirely on whether Thomas or U.A.W. Vice-President Walter Reuther's bloc could muster up the biggest board vote.

• **Fight Ahead**—Reuther's interest was prompted by two things: (1) When Willow Run gets going again, its local will be one of the major forces in the auto workers union, and (2) if Local 50 is in control, one of Reuther's up-and-coming lieutenants, Brendan Sexton, will be the man in the guiding seat, able to swing it into line behind Reuther whenever there is a test of union strength.

With the Local 142 agreement already signed by management, best Reuther can get at the board meeting

that means 40,000 jobs. The fight for control may be settled out on the local union level. Question of Cash—Another headline of the auto workers board session in Washington is what to do with cash in treasuries of locals where successor management has appeared since war work was completed. Typical three big war plant locals in the Chicago area—Buick, Dodge, and Studebaker.

Higgins Balks

Shipbuilder closes three plants when negotiations with A.F.L. deadlock. Union scoffs his threat to sell out.

Three New Orleans plants of Higgins Industries, tiny prewar manufacturer of pleasure boats which mushroomed to a huge wartime industry in a few busy years, lay idle this week as a long-smoldering feud between Andrew Higgins and unions in the A.F.L. Metal Trades Council flared again.

Union Scoffs at Threat—Forty-eight hours after 3,000 A.F.L. craftsmen left their jobs in protest against Higgins' refusal to sign a new contract with A.F.L., the boatbuilder announced that he was closing three of his four plants "for keeps" and subcontracting some \$40 million in orders which have been the basis for glowing announcements of the reconversion outlook for Higgins Industries.

Higgins announced that the plants, equipment, and materials inventories would be sold, and suggested that A.F.L. purchase them. The union scoffed at Higgins' threat to sell, and described it as a "red herring" device in an open-shop campaign.

Atmosphere Changes—It was a far different picture in 1941, when Higgins posed with his arms about the shoulders of A.F.L. leaders and boasted that he and organized labor were "like that." The feeling was mutual then. A.F.L. praised Higgins for voluntarily recognizing its Metal Trades Council as bargaining agent for his employees, and granting closed-shop terms in contracts on A.F.L.'s request. The honeymoon, however, did not last out the war.

Late last year (BW-Dec.23'44,p98) Higgins rebelled against what he described as chaotic conditions caused by the necessity of dealing through a number of A.F.L. unions instead of one plant-wide organization. After a battle he succeeded in voiding his contract with A.F.L. A walkout at that time was terminated when Higgins agreed to



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POSTINDEX

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WINDSOR TRAFFIC JAM: A MOBILE BARRICADE

Along a two-mile front, a bumper-to-bumper line of cars, trucks, and buses constitutes an almost impassable barricade before the Windsor (Ont.) Ford plant—and a new technique in picketing. Expecting a showdown with imported provincial and Royal Canadian Mounted police in the eight-week-old strike, "traffic directors" among the 12,000 C.I.O. strikers and 20,000 sympathizers commandeered anything on wheels that came within a mile of the plant, created an impregnable 2,000-vehicle traffic jam. Pickets in a fleet of rowboats patrolled the plant's Detroit River flank. At midweek the barricade still held, and Humphrey Mitchell, Canadian Minister of Labor, speeded up conferences with Henry Ford, II, and representatives of the United Automobile Workers to effect a quick settlement—and get traffic moving again.

operate his yards under National War Labor Board orders which extended provisions of the original contract until Higgins and A.F.L. could negotiate a new agreement.

• **Then C.I.O. Stepped In**—Meanwhile, C.I.O.'s Industrial Union of Marine & Shipbuilding Workers, long interested in Higgins' shipyards, "accepted invitations" from Higgins employees and launched an organizing drive. Although he disavowed interest in the C.I.O. union, it was no secret that during the 1944 political campaigning Higgins' gregarious nature had embraced C.I.O. and its offspring, the National Citizens Political Action Committee.

With negotiations on a new contract deadlocked, among other things, over a pet Higgins clause to permit employment of overseas veterans without regard to union membership, Higgins recently took advantage of NWLB's virtual demise to announce that he no longer would abide by his old A.F.L. contracts. He also said that he would

not sign a new contract with that union while the National Labor Relations Board has before it a demand by C.I.O. for an election which would clarify the conflicting claims of jurisdiction. That announcement set off the final fireworks display.

• **One Plant Stays Open**—Unaffected by the current stoppage is a fourth Higgins plant, which employs nonunion labor and which up to the present has been turning out component parts for atomic bombs and airborne life rafts on government contracts. At the time the three other Higgins Industries plants closed, 500 workers in them were ignoring A.F.L. picketing to stay on the job. Higgins announced that this group would be rewarded by 30-day dismissal pay, and that he would try to place the "loyal" workers in new jobs—probably in his fourth plant.

A.F.L., which has been quietly warning its leaders to keep a sharp lookout for any indication of an open-shop drive, appealed for a congressional investigation of the Higgins In-

Do you know...?

What's the largest privately owned housing project in America?

What kind of wood resists climate variation best?

When air-conditioning units will be available for industry?

#22



Q. America's largest private housing development is:

- ☐ Parkfairfax, Alexandria, Va. ☐ Parkchester, Bronx, N. Y.
☐ Parklabrea, Los Angeles, Cal.

A. Parkchester, Bronx, N. Y., built by the Metropolitan Life In-

surance Company, covers 130 acres, contains 12,272 apartments. Hundreds of cases of Permacel paper masking tape were consumed in two-tone painting of Parkchester's corridors. One color was applied over the general area. Then a strip of 1½" Permacel was used to make the sharp, clean color separation.



Q. The wood that resists variations in climate best is:

- ☐ Oak ☐ Maple ☐ Plywood

A. Plywood. Its toughness makes it suitable for radio masts. Each section of a mast consists of layers of veneer coated with glue. Permacel high-temperature tape holds each layer in place while other layers are added. Tape stays on while sections are baked two hours at 150° F., then strips off easily.



Q. How soon will air-conditioning units be available for industrial plants?

- ☐ Available now ☐ In 6 mos. ☐ In 1 yr.

A. Available now and increasing in supply daily. Best installation of these units requires sheet-metal ducts of various lengths, hung and spaced ¼" apart. Permacel cloth tape (Jonflex) is wrapped around duct at each space. This reduces vibration that occurs when ducts are continuous length of metal.



Q. The title of this booklet refers to:

- ☐ Electricity ☐ Tape ☐ New-type wrench

A. Pressure-sensitive tape. This free booklet shows how Permacel Industrial Tapes can save production time and cut costs all along the line in your plant. Illustrates and lists many new uses for tapes that may help you in solving current production problems. Send for free copy. Write Dept. B W-22 Industrial Tape Corp., New Brunswick, N. J.

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dustries labor and management relations during the war. The union promised that, after an inquiry had thrashed out accumulated misunderstandings and injustices, "we will forget the whole thing, pitch in under the same closed-shop agreement, and make still more millions for Mr. Higgins."

• Welcomes Probe—Higgins, deftly pointing out that government plant ownership was not involved, said the investigation "would be fine. . . I'm for it." But he did not broaden that approval to cover any subsequent return to the old closed-shop days.

WARD CASE IS "MOOT"

What promised to be the hottest labor controversy before the U. S. Supreme Court during the new term was written off without fireworks this week when the court refused to rule on the validity of the government's wartime seizure of Montgomery Ward & Co.'s mail-order properties.

The court vacated the judgment of the U. S. Circuit Court of Appeals in Chicago—a 2-to-1 decision which held that the seizure was legal—and sent the case back to the U. S. District Court with directions to dismiss it as being "moot"—a case in which there is no longer any cause for action.

The Dept. of Justice had requested that the court refuse to hear the case since the company's properties were returned to private ownership last month (BW—Oct. 27 '45, p. 94). Montgomery Ward opposed this procedure and insisted on a ruling. Its contention was that there is no assurance that government seizure powers will not be used again if further labor disputes occur at Montgomery Ward properties.

GREYHOUND STRIKE

Greyhound Lines' buses in 26 states in the East and Southwest were standing idle at midweek in a strike of drivers, maintenance men, and ticket agents, represented by the Amalgamated Assn. of Street Electrical Railway & Motorcoach Employees (A.F.L.). While conciliators pressed for a settlement, indications were that the pinch on the nation's already overtaxed transportation system might be increased by a further spread of bus strikes. Conditions outside the two regions were characterized as "unstable," and a nationwide walk-out was viewed as far from impossible.

On the surface, the dispute was based upon demands for wage increases and improved working conditions. When Office of Defense Transportation requirements for slow wartime driving were withdrawn recently, companies took back a 7½% wage increase which

they had granted to compensate compliance with the ODT rule. Drivers objected, and demanded continuation of the wartime rate. The company countered with a claim that drivers are able to make more money than under the 7½% slowdown plan. Estimates set the questioned amount at cent a mile for drivers.

Behind that demand, however, something bigger. The A.F.L. union long has been anxious to maneuver Greyhound into the right position for an over-all contract covering the entire system, to be negotiated between officers of the Greyhound Corp. and national heads of the union. Greyhound has shied away consistently. Now, the union feels, it has the basis for the drive, and in order to press the issue it has created a "National Council of Amalgamated Divisions of Greyhound Properties" for its system-wide campaign.

WHAT'S IN A NAME?

The term "Congress of Industrial Organizations" henceforth will have an entirely different meaning in Texas than in the remainder of the United States.

Philip Murray's international union lost its name—in Texas—last week when a group of officers of the Fight for Free Enterprise organization in San Antonio staged a legal coup by chartering the name Congress of Industrial Organizations for an association of Texas industrial groups created "for educational purposes, embracing industrial conditions, statistics and knowledge; for mutual betterment leading to general industrial improvement."

The new organization immediately warned that it would take legal steps to "protect" itself against "illegal" use of the name or initials C.I.O., by injunctive steps against any organization appending either to its name.

Unofficially, the group took off the gloves to assert that "this legitimate legal C.I.O. . . will be quite the opposite in purposes and policy from the self-styled C.I.O. which reportedly headquarters in Washington (or under Sidney Hillman's hat) and which has intruded itself into Texas."

Murray's version of C.I.O. refrained from comment, although O. A. Knight, president of the Oil Workers International Union which has tangled more than once with the Fight for Free Enterprise movement, minimized the possibility that the new organization will achieve its purpose of embarrassing the national C.I.O. by the devices at its disposal—press releases, newspaper advertisements, and radio broadcasts. The contents, he is certain, will leave no doubt for anyone about which is which.

THE ' INTERNATIONAL OUTLOOK

BUSINESS WEEK

NOVEMBER 10, 1945



This country's long-term foreign trade policy is increasingly menaced by Washington's apparent incapacity to adopt and push a thoughtfully planned and dynamic over-all foreign policy for the U.S.

Even the U.S.-British commercial policy agreement—which was expected to be completed next week and which is the only important exception to this lack of planning—was stalled at the beginning of this week and may yet be repudiated by Congress.

If this happens it will be largely because nothing has been done by Washington either to inform Congress or the public on what is being planned, and why, or to "sell" the project with an intelligent and aggressive promotion program like the one which finally made the bitterly contested Bretton Woods plan acceptable.

London—which complained bitterly because Washington has taken no positive steps to explain the coming plan to the public—has no better record.

It is now agreed by both parties that Washington cannot possibly grant the low interest rate demanded by London.

And that London will run into serious opposition in selling, both to Parliament and to the public, the necessity for paying about \$150,000,000 in interest annually to the U.S., especially when Washington adamantly demands full liberalization of foreign trade and unpegging of sterling as a *quid pro quo*.

British officials, nevertheless, have failed so far to initiate any program of informing their public of what's coming, or of explaining why the terms of the deal must be so onerous.

Though the U.S.-British pact is scheduled to set the basic commercial pattern for all the United Nations, the cavalier treatment it has so far received from both the Truman and the Attlee governments makes a bitter legislative battle over its acceptance inevitable in both countries.

This lack of positive policy on both sides has also necessitated the forthcoming Truman-Attlee conference in Washington.

While the atom bomb will be discussed, the question of helping Europe through the most difficult winter since 1939 will be debated with at least equal emphasis.

Britain is determined to win U.S. support for a more definite policy in Germany, in regard to both (1) the stripping of the Reich's industry and the reorienting of its economy, and (2) the question of allowing mass migrations of Germans from Central Europe and the Russian zone.

Eisenhower's recent warning that trouble might develop in the U.S. occupation zone was precipitated by the knowledge that no large-scale plan exists for absorbing 2,000,000 Germans into western Germany.

In fact, there are not even adequate preparations for feeding and housing the bombed-out populations that belong in these areas.

Don't overlook the squeeze on U. S. and western European commercial interests in Russia's satellite zone in eastern Europe.

The six-months-old Soviet-Rumanian pact, which reveals the pattern, specifies that:

THE INTERNATIONAL OUTLOOK (Continued)

BUSINESS WEEK
NOVEMBER 10, 1945

(1) The two countries will set up joint companies in various economic fields.

(2) Each country will put up one-half the capital, the board of directors will be made up of equal numbers of Russians and Rumanians, and in each case the manager of the company will be a Russian.

(3) Russia's capital contribution will come from former German property in Rumania seized by Moscow, with British and U. S. consent, as reparations.

(4) The companies will operate as capitalistic enterprises.

In the case of Rumania's oil reserves, the new joint Soviet-Rumanian operating company will follow a three-way plan:

(1) Operate all wells not already held by Allied interests (U. S., British, French).

(2) Reserve to itself all future exploration in new fields in Rumania.

(3) Split all profits on a 50-50 basis.

Not to be overlooked in the U.S. is the fact that more than 85% of prewar Rumanian oil production was in the hands of the Allied interests exempted from the present agreement.

Also, Rumanian oil production has been declining for many years, not from lack of exploitation but due to shrinking resources.

This means the new joint operating company probably will never become a major world producer, though it may attempt to regulate marketing of all Rumanian oil including the lion's share produced by Allied interests.

Despite trade uncertainties caused by this country's vacillating stand on foreign policy, significant international commercial trends are developing abroad.

British steel interests, suddenly conscious of the enhanced competitive position of Russia when stripped Nazi equipment is reinstalled in the U.S.S.R. (page 113), have intensified their demand for important equipment reparations from the Reich.

Specifically demanded already is the equipment from the Hermann Goering works, which, being designed to handle low-grade ore, can be used advantageously in Britain's South Midland ore fields.

And this week, the Board of Trade invited all trade associations in Britain to compile before the end of the year lists of German plants and equipment they would like to have as reparations.

Several associations have already selected teams of experts to survey German plants.

It will surprise few leaders in the paper manufacturing industry if the Office of Price Administration, within the next few days, ups the ceiling price on bleached pulp to \$86 a ton.

Purpose of the move, which is expected to become effective Dec. 1, is to make it more attractive for the Swedes and Norwegians to ship pulp to the U.S. instead of sending the bulk of it to South America where higher prices have been allowed.

The Finns won't be affected because Russia is taking all the pulp they can produce.

BUSINESS ABROAD

Soviet to Double Electric Power

Five-year program calls for adding 10,000,000-kw. capacity for continuation of industrial decentralization begun in early thirties. Lag in production of equipment criticized in Russian press.

MOSCOW—As a result of war's ravages in Germany, the Soviet Union now ranks second only to the United States in production and use of electric power. **100% More Capacity**—And the first postwar five-year plan for electric power provides for a doubling by 1950 of the U.S.S.R.'s prewar ten-million-kw. capacity and annual production of nearly 100 billion kwh. of energy. This approximates U.S. capacity after the first World War, and U.S. output in the mid-thirties. Installed capacity in the U.S. is now about 50 million kw. with output in 1944 of 231 billion kwh.

By the end of next year, Soviet power facilities damaged or destroyed during the war will have been replaced or repaired. In addition, the five-year plan calls for completion of 70 new plants—40 hydro- and 30 thermoelectric—a dozen or so of major size (map).

Original Goal Exceeded—Electrification in the U.S.S.R. received its first impetus—and still derives inspiration—from Lenin's famous dictum: "Socialism means Soviet power plus electrification." Moscow is pushing power expansion hand in hand with reconstruction and industrial expansion laid out in the recently inaugurated five-year plan. The power program is in the lap of the Commissariat of Power Stations & Electric Industry, working with the Machine Building Commissariat in the production of equipment.

Lenin's original 15-year program, mapped in 1920 by the Commission for Elaborating the Plan for the Governmental Electrification of Russia (Goelro), called for construction of 30 power stations with a total capacity of 1,750,000 kw. This goal was exceeded two and one-half times by 1935. Installed capacity reached 8,800,000 kw. by 1938, and was in the neighborhood of ten million kw. at the outbreak of war. The third five-year plan (ending in 1942) had as its goal a power capacity of 17,200,000 kw., but that point was never approached due to the war.

Reconstruction Pushed—During the war, the Soviet Union lost five-million-kw. capacity—apart from temporary losses in output while 11,000 carloads of facilities were evacuated eastward.

Reconstruction of power facilities began with vigor the moment the tide of battle turned in favor of the Soviets. By the end of 1944, 35 large stations had been rebuilt—including the Zuyev, Volkhov, and Stalinogorsk stations, each with a capacity of 150,000 kw. Right now the greatest effort is directed to-

ward speeding the rebuilding of the Dnepr dam—symbol of Soviet electrification.

Generating equipment for the Dnepr works has been on order in the U. S. for more than a year (BW—Nov. 4 '44, p24). In addition, cumulative orders for power equipment in units of under 2,000-kw. capacity exceed 1,356,000 kw. (BW—Aug. 19 '44, p114). Soviet requests for another two million to three million kw. of generating equipment have been discussed in Washington.

Soviet Output Lags—The recovery and expansion of industry are outpacing the expansion of power facilities to the point of making more urgent the delivery of U. S. generating equipment. The lag in domestic output is reflected in criticism in Soviet newspapers.

The Commissariat of Electric Industry is charged with failure to turn out



Thirteen stars—four of them of first magnitude—spot the biggest power stations to be built in the Soviet Union as a part of the first postwar five-year plan. These, with thousands of smaller installations, will add ten-million-kw. capacity, doubling prewar facilities. The preponderance of planned installations is outside the borders of the old European Russia, and one of the largest in the East—not shown on the map—is a station to be built at Irkutsk, near Lake Baikal, with an eventual annual output of 800 million kwh. (involving an installation on the order of 200,000 kw.).

enough power and voltage transformers and switching and releasing devices, and with failing to resume production of reactors and various protecting devices.

The Machine Building Commissariat is accused of not producing enough steam and water fittings, and of not resuming production of turbine heaters. Delay has also been occasioned by insufficient supply of turbine parts, cable, and other urgently needed items which can only be obtained otherwise by imports from the U. S.

• **Building Own Units**—Despite these complaints, and the magnitude of planned imports of generating equipment from the U. S., the Soviets are themselves producing all the types of machinery necessary for the equipment of new power stations. Except for the 90,000-kw. Dnepr units, the U.S.S.R. has produced most of the generators installed in its biggest power stations. During the war a Leningrad plant completed the first Soviet-built 100,000-kw. Francis-type turbine. Before the war there were only three such turbines in Europe—one in Britain, two in Russia.

Soviet factories are now turning out turbines ranging from small simple units to 25,000-kw., 50,000-kw., and

100,000-kw. units. They are building boilers to produce 180,000 lb., 240,000 lb., and 300,000 lb. of steam per hour.

• **Decentralization Continues**—With the new five-year plan for power development calling for the addition of capacity at the rate of two million kw. a year, compared with about a third that much in prewar years, the investments in power development are scheduled at fourfold the prewar rate.

The emphasis in new construction is still upon the scattering of new power plants throughout the Soviet Union in accordance with the policy of industrial decentralization inaugurated in the early thirties. This is keyed to the long-standing intention to utilize the enormous hydraulic resources of the country and to conserve coal, peat, and petroleum resources.

By 1940 as much as 30% of Soviet power stations were situated east of the Volga, concentrated in the Urals and the Kuznetsk and Karaganda basins. Evacuation of power equipment to these areas raised the capacity of the Kuznetsk basin by 50%, and of other industrial centers by 100% (Uralsk, Novosibirsk, Tashkent, and Kazan) and 200% (Omsk, Kuibyshev, Karaganda,

and Krasnoyarsk). In all, the increase in capacity through evacuation and new construction exceeded the installations under the Goelro plan, and was on the order of two million kw.

• **Giant Plant at Rybinsk**—The most spectacular new hydroelectric development, nearing completion north of Moscow, is the Rybinsk plant in the Great Volga system. Newest maps of the U.S.S.R. show for the first time the 1,800-sq.mi. lake which has been formed to provide a steady flow of water to this plant.

The first 55,000-kw. turbine at Rybinsk was set in operation in November 1941; the second in January, 1942; and the third in September of this year.

Although the major emphasis in future construction is on hydro plants, the utilization of peat and low-grade coal for smaller power installations has been spurred by the refinement of techniques and improvement in equipment. According to a Soviet study the fuel requirements for producing one kilowatt hour of energy has fallen from 2.33 lb. in 1913, to 1.30 lb. in 1940 and to 1.26 lb. in 1944.

• **Power for Farms**—The completion of big power stations to serve rapidly ex-

Foreign Traders Map Reconversion Program

James A. Farley (cover) will play a familiar role as convention chairman next week, in New York. But, this time, business rather than politics will provide his theme.

As chairman of the Convention Committee, Farley—who now heads Coca-Cola Export Sales Co.—will greet the guests at the first postwar gathering of the National Foreign Trade Council, on Nov. 12.

With wartime controls gradually being removed and shipping space loosening perceptibly each month, foreign traders are getting set to go after the \$10-billion annual business which most responsible agencies insist should be this country's world trade goal within the next three years.

What must be done to achieve this goal will be discussed from the point of view of European markets by Marion B. Folsom, treasurer of Eastman Kodak Co., at the first luncheon meeting of the convention. Folsom has just returned from a quick survey trip through Europe, the Soviet Union, and the Near East, with the Colmer committee of the House of Representatives.

Clarence E. Gauss, former ambassador to China and former minister



Marion B. Folsom


to Australia, will address the convention luncheon Nov. 13 on economic problems in the Far East, with special emphasis on changed conditions which will confront foreign traders now that Japan is largely out of competition. Rapidly mounting nationalism in China and India, and rising demands for increased auton-

omy in Europe's colonies in southeast Asia, however, pose new problems which may prove very difficult to combat.

On Nov. 14, the last day of the meeting, Spruille Braden, recently returned ambassador to Argentina and now Assistant Secretary of State, is scheduled to discuss postwar trade opportunities in Latin America, but convention delegates are hoping he will also interpret this country's stand in relation to the political crisis in Argentina, Brazil, and Venezuela.

Peak interest in the convention focuses on the speech of Fred M. Vinson, Secretary of the Treasury, at the World Trade Dinner which closes the conference on Wednesday. Vinson is assigned the task of providing the assembled foreign traders with Washington's official version of the commercial agreement with the British.

Far more interest than is ordinarily the case surrounds this first national foreign trade assembly since the end of the war because Washington has been tardy in announcing clear-cut policies (page 111) and the traders who attend will be blunt in their demands for effective action.



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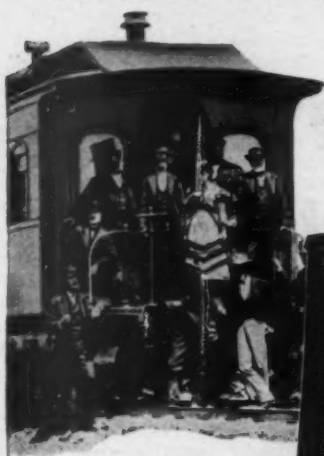
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SAN FRANCISCO, SEATTLE, TACOMA, MONTREAL, TORONTO, BUENOS AIRES, LONDON



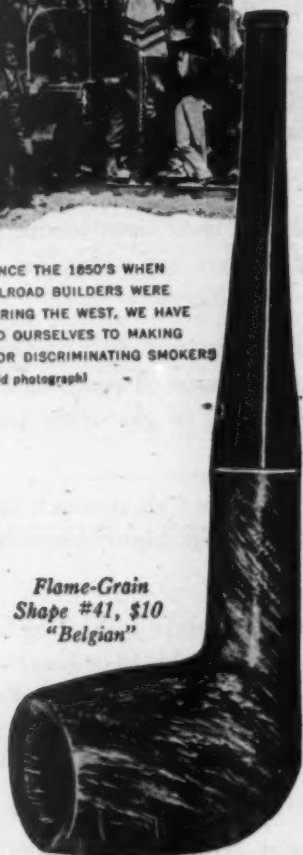
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panding industrial centers attracts the most attention, but thousands of small rural installations are revolutionizing life on collective farms and hinterland communities.

The Commissariat of Agricultural Construction this year set its goal at 815 hydroelectric and 802 thermoelectric stations, and determined the location of 2,375 more stations to be built in the future. Realization fell short of the plan, however, due to inadequate production of small turbines and other necessary equipment.

Electrification of the railroads continues apace, and extensions of intercity high-tension lines continues in the Moscow area, the Donbas, Ukraine, Urals, Caucasus, and farther east.

• **Effect on Industry**—The coordinated effort to achieve the early quotas set under the five-year reconstruction and development plan is just getting under way, and the emphasis now being placed upon the critical role of electric power is a clew to the magnitude of the over-all effort involved.

The five-year plan calls for a doubling of power capacity and production, and even before the war 83.2% of all industrial processes in the U.S.S.R. were electrically operated—including machine-building industry, 95%; coal industry, 94%; chemical industry, 93.3%; and nonferrous metallurgy, 98%.

SOVIET-RUMANIAN TRADE

At the same time that Moscow presented to London and Washington its legalistic defense of its economic penetration of the Balkans, Bucharest revealed the formation of two new Soviet-Rumanian companies.

This brings to four the number of joint companies formed to implement the treaty of economic collaboration signed in Moscow on V-E Day, May 8.

The first two companies established were Sovrom Transport, a joint shipping company, and Sovrom Petrol, for petroleum exploitation and distribution. The Rumanian cabinet has now confirmed the Sovrombank (BW—Oct. 20 '45, p113) and Tars, the alphabetized name of the Rumanian-Soviet air transport company.

The Sovrombank, comprised of three Soviet industrial and foreign trade financial institutions and a group of Rumanian banks and an insurance society, will finance trade between the U.S.S.R. and Rumania, and develop Rumanian industries.

Tars will establish Rumanian domestic air services with connecting lines to the U.S.S.R. and neighboring Balkan cities. It will have branch offices in the U.S.S.R. and in those countries reached by its air routes.

CANADA

Controls Waver

Experimental lifting of price and wage limits expected early in 1946. Labor leaders support orderly transition to higher pay.

OTTAWA—Pressure on the Canadian government to lift price and wage controls is mounting.

The arguments for a rigid ceiling on prices and wages, which could not be challenged during the war, and which are still strong enough to command majority support in the Ottawa cabinet are gradually losing weight.

• **Relaxations Foreseen**—The time is rapidly approaching when a plan for selective lifting of controls will have been formalized.

Government decisions in this direction are jealously guarded, but enough has been said in public to justify predictions:

(1) Soon—but not before the Christmas buying rush is over—price ceilings will be removed from a wide line of commodities, beginning with those which do not figure importantly in the average family's budget.

The first relaxations will be experimental and will contain notice that prices rise unduly the controls will be reimposed at the old levels or some small advance upon them.

(2) Relief will be promised to labor to begin at a future, specified date. There will be an attempt to meet labor's point that it is now at the peak of its bargaining power and must negotiate wage agreements at higher levels now or outmaneuvered when the first pent-up demand for goods and services has been met and unemployment begins to appear.

• **Cabinet in Accord**—The Canadian cabinet is said to have accepted the thesis that labor is entitled to substantially higher wages after the country shaken itself down to peacetime operations. But it is stressing the need for careful timing, and of feeling out the move made toward release of price and wages.

So far, the Canadian labor situation remains quite manageable. The Ford Motor Co. strike at Windsor has received widespread publicity, but it amounts to a considerable extent out of a longstanding dispute between company and unions.

• **Unemployment Rises**—Labor leaders across Canada are in general fully aware

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THE MARKETS

(FINANCE SECTION—PAGE 68)

The stock market's initial bullish reaction to President Truman's recent announcement of his new wage-price policy proved no fluke. After digesting his remarks, many traders who until then had remained unconvinced that inflation lay ahead soon found themselves strongly agreeing with Wall Street's congenial "inflationists" that the speech had serious implications in that direction. As a result, the Street has been witnessing a wild scramble for stocks that is reminiscent of 1929 in more ways than one.

● **Industrials Respond**—The industrial section of the list has responded to the fanning of inflation fears with one of the broadest and sharpest advances scored this year. Daily gains of up to \$4 have been profusely scattered among members of that group lately. By the middle of this week, the Dow-Jones industrial stock price index not only had pushed with ease through its earlier 1942-45 bull market high but had also risen to within two points of its 1937 peak.

Less buoyant have been the rail and utility issues. However, even in these groups some fairly spectacular individual gains have been recorded. Each group has advanced within striking distance of levels not reached since 1929.

● **Not All Are Happy**—Wall Street has learned from experience that it is never wise to quarrel violently with the consensus that is manifest in the stock market, and it doesn't intend to do so at this stage of the game.

However, not all the brokers benefiting from the substantially higher trading volumes that have accompanied the current "inflation market" are entirely pleased with what is happening.

They know, for example, that many

business executives foresee at least six months of severely restricted profit margins if the Administration's wage-price policy is rigorously adhered to. They likewise expect serious disturbances on the labor front before the present wage-increase agitation is cleared up. And the group is by no means certain that such factors won't have a tendency to delay reconversion and re-employment to a much greater degree than today's buyers of stocks appear to visualize.

● **Question of Caliber**—Moreover, not all of today's stock purchases are going into strong hands. Brokers report that too many buyers have been thinking less of the intrinsic value of the shares they have been acquiring than of participating in a booming stock market. The quality of market participation, as a result, has been steadily deteriorating recently. Consequently the more conservative Wall Streeters don't think that the present inflation psychology would retain its recent dynamic force very long if confronted with any market-shaking events.

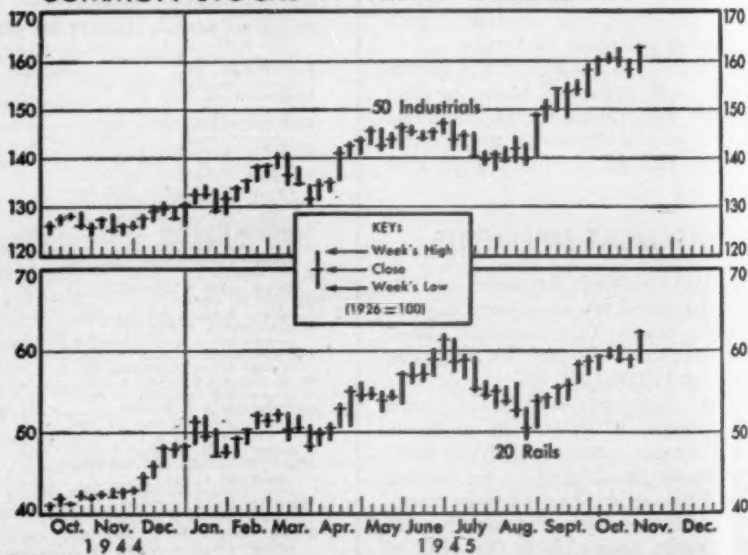
Most brokers, therefore, continue to advocate a high degree of selectivity in any purchases.

Security Price Averages

	This Week	Week Ago	Month Ago	Year Ago
Stocks				
Industrial ...	163.0	157.9	160.2	127.5
Railroad	62.4	58.9	59.4	42.5
Utility	81.4	78.5	76.7	56.1
Bonds				
Industrial ...	122.5	122.2	122.0	119.2
Railroad	116.1	115.9	114.9	110.4
Utility	116.2	115.7	115.7	116.9

Data: Standard & Poor's Corp.

COMMON STOCKS—A WEEKLY RECORD



Data: Standard & Poor's Corp.

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76.7 56.1

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14.9 110.4
15.7 116.9

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Copy Business

A business friend of ours wrote us the other day that he had seen a piece in the newspapers about how this was a great period for industrial espionage, with companies turning loose flocks of under-cover men to find out what competitors are planning to spring on the postwar market. Then he added:

"I laughed at this for the simple reason that it's no trick to get almost any information you could want without paying for it. Beyond the normal reading channels, there are a lot of business associations and service organizations that just naturally act as transmission belts.

"Go to the technical society meetings, for example. I have often chuckled at the Society of—oh well, let's not bandy names about—with its sessions at which engineers of fiercely competing companies tell each other about how they licked problems in making technical advances which their companies' sales department are, at the very time, guarding as deep secrets pending formal public announcement.

"It has always seemed to me that the gossip of the trade, picked up through business associates, common supply sources, and common prospects, furnishes the participants most of the kind of information romantically ascribed to industrial espionage. I would be crazy to pay money for it and so would my competitors. We all keep our ears open and get it for free."

High Roads

Several weeks ago, as a bit of penance for a technical error spotted by its railroad-loving readers, Business Week published in this department (BW-Sep. 45,p119) all the news that fitted the place on the high altitudes reached by American railroads, making all the nice distinctions as to gage, power, and type of line.

Now comes John Goriany, Administrative Assistant, U. S. Rubber Development Corp., stationed at Lima, Peru, to tell us that the American railroads don't crow from the highest heights that.

Mr. Goriany submits an interesting chart showing the comparative profiles of the principal mountain railroads of the world and says:

"You can see from it that the highest standard gage railroad in the world is the Central Railway of Peru which reaches 15,805 ft. at La Cima and that

its Galera tunnel, 3,860 ft. long, on the Andean continental divide is 15,693 ft. high, the highest railroad tunnel in the world.

"It might be of interest to recall that the 'hill section' of the Central Railway of Peru, climbing from 2,821 ft. (at Chosica) to 15,610 ft. (at Ticlio) in only 72 miles, is an adhesion track and constitutes one of the most difficult traction problems of the world, leaving aside construction and maintenance difficulties.

"This line was built up to 12,250 ft. in the period 1869-78 by Henry Meigs, an American contractor from the State of New York, for the Peruvian government and finished later by the Central Railway of Peru, an affiliate of the Peruvian Corp., Ltd., an English concern."

Let railroad-fancying readers who would put in claims for more altitudinous lines, first note that this claim says, "highest standard gage railroad."

Lessons in Democracy

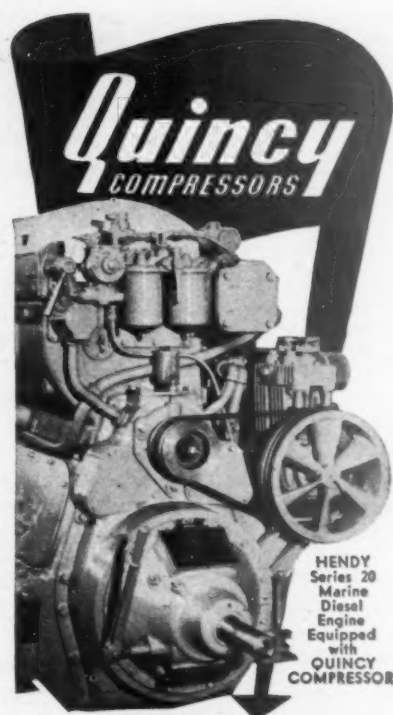
From time to time, Business Week has been getting letters like this latest one from the commander of a German prisoner-of-war camp in Wyoming:

"As you probably know, an extensive re-education program is being carried on in the prisoner-of-war camps in this country. An integral part of this program is a weekly newspaper published by the prisoners under my supervision.

"Material published by you is of special interest and of particular value to the reorientation program. We would, therefore, like permission to translate articles appearing in Business Week—for circulation within the confines of this camp and its branches.

"We would specifically like permission to reprint in German from your articles on the war production achievements of American industry in your issue of May 5, 1945."

Business Week has a general rule against granting blanket permission to reprint its copyrighted material (though it is usually glad to say "go ahead with credit" in answer to any specific written request covering an identified news report). However, this is the exception that proves the rule. All commanders of prisoner-of-war camps everywhere are hereby notified that Business Week is at their service for every bit of good it can be in making the successes—and the failures—of American business a lesson in democracy to their long-benighted wards.



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THE TREND

AN OPEN ROAD TO WAGE INCREASES

There is one facet of the new wage policy of the federal government which is far more important than the attention paid it thus far would suggest. It is that provision of Executive Order 9651, announced by President Truman in his sermon on wages and prices, which directs the stabilization administrator to approve "increases necessary to correct inequities in wage rates or salaries among plants in the same industry or locality, with due regard to normal competitive relationships" when "such increase has been found . . . to be necessary to correct a maladjustment or inequity which would interfere with the effective transition to a peacetime economy."

- **This is one of three provisions** for wage increases which are to be approved regardless of price consequences. The others may not be important.

One of them, which provides for equalizing increases in straight-time hourly earnings and the cost of living, will probably spawn a lot of disputes because there is a continuing wrangle about what the true cost of living is and because there are no current official figures showing straight-time hourly earnings by industries. However, the cases where it is possible to make a plausible showing that straight-time hourly earnings have not kept pace with the cost of living are of no great consequence.

The other, which makes provision for increases in pay rates now failing to attract the necessary manpower to insure full production, might serve as something of an open sesame for a board or commission with a passion for wage increasing. If, however, it is restricted to a very limited class of cases (those which the National War Labor Board classified as "rare and unusual") where special wage rates are needed to recruit manpower, it is not likely to involve many important wage increases.

However, the provision which directs that approval be given to wage increases which are necessary "to correct inequities in wage rates or salaries among plants in the same industry or locality" is an altogether different proposition. It opens the way for some big-time wage increasing.

- **As the NWLB learned** in greater detail than had ever been known before, there are often great differences in the rates of pay for the same job in different plants in the same locality. The board ran into cases where the difference between the lowest and the highest rate was more than 50%. Also there are great geographical differences in the rates of pay for the same jobs in the same industry. A recent study of "Wartime Changes in Urban Wage Rate Relationships" by Robert J. Meyers of the Federal Bureau of Labor Statistics shows that in 1943 the average wage for a cross-section of the same manufactur-

ing jobs in Detroit was almost twice as high as it was in a group of southern cities.

- **The position of organized labor** naturally tends to be that the payment of anything less than the highest rate for the industry and the locality presents a prima facie case of an "inequity." During the early part of its career as a wage-stabilizing agency, the NWLB went part of the way toward this position and ordered increases in wage rates to bring them to about the average prevailing in similar plants in the same industry. This formula tended to produce such large wage increases, however, that the orders governing the NWLB were revised so as to eliminate its authority to order wage increases to correct "interplant inequities." A more restrictive system of wage brackets to govern wage adjustments by local labor market areas was substituted.

Organized labor complained continuously about the limitation of wage increases to those permitted by the wage bracket system. The United Automobile Workers dubbed it the "bracket racket." They argued that the NWLB should make the Detroit rates of pay in the automotive industry, which are usually the highest, uniform throughout the country. Otherwise, they contended, Detroit would become a deserted village, and the U.A.W. would be cut to pieces by having employers lured away by modern government-built plants in other areas where lower wage rates prevail. The NWLB said it had no power to grant such a request.

- **Now, however, power** to order wage increases to eliminate "interplant inequities," both among plants in the same locality and in the same industry, is restored to the agency which administers the federal wage regulations, and freed from the restraints of price control. What it can use for a club if its orders should not be obeyed is not clear at the moment. Also the issuance of such orders is subject to the provisos about giving "due regard to normal competitive relationships."

If "normal competitive relationships" were fully respected, it would, of course, wash away most of the force of the provision since local industrial wage differentials are, in overwhelming part, a reflection of such relationships. In that unlikely event the self-contradictory terms of the provision would produce a lot of disruptive disputes leading nowhere but to a stalemate. It is clear, however, that this provision lends itself to use as a powerful lever to boost all except the peaks of the national wage structure. It is also clear that organized labor intends to do everything possible to see that it is so used. Under such circumstances the provision is obviously of major importance.

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